



## **RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL**

### **CABINET**

**18 JULY 2022**

### **UK GOVERNMENT SHARED PROSPERITY FUND – OPPORTUNITIES IN SOUTH EAST WALES**

#### **REPORT OF THE DIRECTOR FOR PROSPERITY AND DEVELOPMENT IN DISCUSSIONS WITH THE RELEVANT PORTFOLIO HOLDER (COUNCILLOR MARK NORRIS)**

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#### **1. PURPOSE OF THE REPORT**

The purpose of the report is to:

- 1.1 Provide an update on the UK Government Shared Prosperity Fund (UKSPF) which supports the government's wider commitment to level up all parts of the UK and provides funding for local investment between 2022 and 2025.
- 1.2 Highlight the investment opportunities for Rhondda Cynon Taf and the wider South East Wales region.
- 1.3 Provide detail of the proposed delivery arrangements and the timescales for the submission and appraisal of a South East Wales Regional Investment Plan.

#### **2. RECOMMENDATIONS**

It is recommended that Members:

- 2.1 Consider the detail of the UK Government Shared Prosperity Fund for the period 2022 to 2025 and the potential investment opportunities for Rhondda Cynon Taf and the wider South East Wales region.
- 2.2 Agree the delivery arrangements for SPF in RCT and the wider Cardiff Capital Region and the requirement for a 3 year Regional Investment Plan to access the Fund as set out in Section 7 of the report.

- 2.3 Endorse the Council's role as lead authority for South East Wales and the development and submission of a Regional Investment Plan to UK Government by 1 August 2022.

### **3. REASONS FOR RECOMMENDATIONS**

- 3.1 To ensure that Rhondda Cynon Taf and the wider South East Wales region is able to take advantage of the significant resources available for investment projects from the UK Government Shared Prosperity Fund for the period April 2022 to March 2025.

### **4. BACKGROUND**

- 4.1 Following the withdrawal of the UK from the European Union on 31 January 2020, the UK Shared Prosperity Fund (UKSPF) is the UK government's replacement for the European Structural and Investment Funds (ESIF).

- 4.2 The UKSPF will provide £2.6 billion of support for local investment and is a key part of the UK Government Levelling Up agenda, forming part of a range of complementary funding, including the Levelling Up Fund and Community Ownership Fund.

- 4.3 The Fund will support the UK Government 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.

- 4.4 The primary aim of the UKSPF is to build pride in place and increase life chances across the UK. Underpinning this aim are three investment priorities:

- The **Communities and Place** investment priority will enable places to invest to restore their community spaces and relationships and create the foundations for economic development at the neighbourhood-level;

- The **Supporting Local Business** investment priority will enable places to fund interventions that support local businesses to thrive, innovate and grow; and
  - The **People and Skills** investment priority will help reduce the barriers some people face to employment and support them to move towards employment and education. Places can also target funding into skills for local areas to support employment and local growth.
- 4.5 As part of the People and Skills priority there is a dedicated and ringfenced element of the UKSPF called **Multiply**, which seeks to improve adult numeracy skills through free personal tutoring, digital training, and flexible courses.
- 4.6 Each of these investment priorities includes a wide range of eligible interventions which provide significant opportunity to develop a flexible funding package. Full details of the Fund are set out in the [UK Shared Prosperity Fund Prospectus](#) and [Interventions List for Wales](#).
- 4.7 All areas across the UK will receive a conditional allocation from the UKSPF for core SPF activity as well as the delivery of Multiply. In Wales, local government has been given responsibility for developing an Investment Plan for approval by the UK government, and for subsequent management and delivery of the Fund.
- 4.8 To access their allocation, each local authority in Wales needs to develop a local Investment Plan which identifies a range of interventions that meet the 3 investment priorities identified in paragraph 4.4 and reflect local needs and opportunities. Each local plan will contribute to one of four Welsh regional investment plans which will be submitted to the UK Government for assessment.
- 4.9 There will be local flexibility over how the Fund is best delivered - for example, competition for grant funding, procurement, commissioning or in-house delivery. Local authorities can also determine the most appropriate scale for each intervention – for example, local or regional.
- 4.10 It is expected that local authorities engage widely with local partners and stakeholders to ensure that plans are comprehensive and do not duplicate existing provision. Engagement with local MP's and Members of the Senedd is also expected, and plans will need to take into account other national policies and priorities, including those of the Welsh Government.

## 5. FUNDING ALLOCATIONS

5.1 The funding allocation is confirmed for three financial years and covers the period April 2022 to March 2025.

5.2 Across Wales there is a total allocation of £585M which includes £484M core SPF funds and a further £101M for Multiply and the funding allocations have been determined on the following basis;

- 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% is allocated using the Welsh Index of Multiple Deprivation.

5.3 The following table details the allocation per Authority within the South East region:

<b>Local Authority</b>	<b>Core UKSPF £</b>	<b>Multiply £</b>	<b>Total £</b>	<b>% of allocation</b>
Blaenau Gwent	23,301,572	4,863,920	28,165,492	10.11
Bridgend	19,116,296	3,990,295	23,106,591	8.3
Caerphilly	28,272,298	5,901,499	34,173,797	12.27
Cardiff	34,587,594	7,219,740	41,807,334	15.01
Merthyr Tydfil	22,698,977	4,738,136	27,437,113	9.85
Monmouthshire	5,919,533	1,235,631	7,155,164	2.57
Newport	27,177,563	5,672,986	32,850,549	11.79
Rhondda Cynon Taf	37,320,994	7,790,305	45,111,299	16.2
Torfaen	20,431,241	4,264,774	24,696,015	8.87
Vale of Glamorgan	11,606,505	2,422,717	14,029,222	5.04
<b>Total</b>	<b>230,432,573</b>	<b>48,100,003</b>	<b>278,532,576</b>	

5.4 Each local authority will be able to use up to 4% of their allocation to undertake necessary fund administration, such as project assessment, contracting, monitoring and evaluation and ongoing stakeholder engagement.

5.5 The Fund can support investment in activity that started from 1 April 2022 where it clearly fits with the relevant interventions and all Fund requirements. However, any such interventions will be undertaken at risk prior to approval of the Investment Plan.

5.6 There is an expectation from UK Government that the minimum proportion of the allocation spent on capital should be 10%. The Regional Investment Plan will need to set out the preferred mix of

capital and revenue funding subject to the minimum proportion and taking account of local need and opportunities.

- 5.7 Match funding is not required and will not form part of the Investment Plan assessment criteria, but local authorities are encouraged to consider match funding and other leverage to maximise the value for money and impact of the Fund.
- 5.8 It is important to note that any funding not utilised in year cannot be carried forward and will be lost. Mechanisms are however being explored to maintain the funding within the region through the development of a legal agreement.

## **6. DELIVERY OF UKSPF IN SOUTH EAST WALES AND ESTABLISHMENT OF A LEAD AUTHORITY**

- 6.1 In Wales the Investment Plans will be developed on a regional basis, meaning that for South East Wales one plan must be developed to cover the 10 local authority areas.
- 6.2 A lead local authority will receive an area's allocation to manage and take responsibility for assessing and approving applications, processing payments and day to day monitoring. For the South East, it is proposed that Rhondda Cynon Taf Council undertake the lead authority role.
- 6.3 As lead authority, Rhondda Cynon Taf will have responsibility for a single funding agreement with UK Government for the full South East Wales SPF allocation of £278.5M. There will need to be back to back Service Level Agreements between RCT and the other nine local authorities to pass on accountability and the terms and conditions of the UK Government funding.
- 6.4 RCT will also need to establish the Local Partnership Group and in Wales existing regional partnership structures such as those in the Cardiff Capital Region can be used to contribute to the partnership arrangements.
- 6.5 Funding is available to support the extra work required to establish new delivery and governance arrangements in the region. As lead authority, RCT can therefore secure an additional £40,000 for undertaking this role which is in addition to the individual local authority allocation detailed in paragraph 5.3.
- 6.6 The lead authority will have overall accountability for the funding and how the fund operates. Responsibility for particular interventions can be delegated to a specific local authority and it is intended that a

significant element of funding will be delivered at the local level in order to target support to communities, places and businesses in most need.

## **7. RHONDDA CYNON TAF LOCAL INVESTMENT PLAN**

7.1 RCT has 16.2% of the allocation for South East Wales with a total of £45,111,299 which includes £37,320,994 core SPF funds and a further £7,790,305 for Multiply. This is the highest allocation of all Welsh local authorities.

7.2 The total funding is broken down to a yearly allocation with 12% in Year 1 (22/23), 24% in Year 2 (23/24) and 64% in Year 3 (24/25).

7.3 The 3 main investment priorities for the UKSPF of Communities and Place, Supporting Local Business and People and Skills includes a wide range of eligible interventions. In RCT this will allow us to align many of the priorities identified in the Council's Corporate Plan with the investment priorities.

7.4 The RCT local investment plan will include projects that will deliver against a range of Council priorities including, but not limited to the following:

- Development and resilience of communities by improving facilities and access to services and supporting community-based organisations.
- Action to support individuals and community-based organisations to deal with the challenges of the current economic environment and cost of living crisis.
- Supporting the improvement and redevelopment of town centres and community places to revitalise them.
- Small business support and development including finance for growth and resilience.
- Small business support for key growth sectors, research and development and innovation.
- Employability and Skills initiatives to support people in employment and in key sectors, unemployed and economically inactive people and young people to enter employment.

7.5 Significant interest has been received from third sector organisations expressing an interest in delivering against the priorities of the UKSPF. It is therefore proposed that an amount of the local allocation is made

available for a competitive process, similar to the current Community Renewal Fund. This will ensure an open and transparent process that is open to all.

- 7.6 It is envisaged that more targeted engagement with the third sector and other key bodies will take place over the summer and autumn periods with a view to establishing which organisations can deliver projects and programmes aligned to the investment priorities in RCT and/or in partnership across the region or sub-region.
- 7.7 Once this exercise is complete and a funding agreement from UK Government is in place a more detailed delivery plan for the SPF in RCT can be presented to Cabinet.
- 7.8 The RCT Local Investment Plan will form part of a wider Regional Investment Plan which essentially will be an amalgamation of the 10 Local Authority Local Investment Plans in the Cardiff Capital Region. There will also be an opportunity to pool elements of the allocations to be used to deliver projects at a regional level where there is added value in doing so. It is proposed that the Regional Investment Plan be signed off by the CCR Cabinet ahead of submission to the UK Government.

## **8. PLAN SUBMISSION AND ASSESSMENT TIMESCALES**

- 8.1 The timescale for submission and approval of the Investment Plans is as follows;
  - **1 August 2022** - Plans to be submitted to UK Government via an online portal by 1 August 2022. As lead authority, RCT will be responsible for this. (The Regional Investment Plan will require CCR Cabinet approval)
  - **July to September 2022** - Indicative period for UK Government assessment led by the Department for Levelling Up, Housing and Communities.
  - **October 2022 onwards** - Anticipated date for first investment plans to be approved and anticipated first payment to be made to lead local authorities.

## **9. EQUALITY AND DIVERSITY IMPLICATIONS / SOCIO-ECONOMIC DUTY**

- 9.1 There is no requirement for an Equality Impact Assessment or Socio-Economic Analysis for the purposes of this report, but these

assessments will be undertaken as part of the ongoing developing of the Investment Plan.

## **10. WELSH LANGUAGE IMPLICATIONS**

- 10.1 There is no requirement for a Welsh Language Impact Assessment with this report, but Welsh Language Impact Assessments will be undertaken as part of the ongoing development of the Investment Plan.

## **11. CONSULTATION / INVOLVEMENT**

- 11.1 As detailed in paragraph 4.10 there is an expectation that local authorities engage widely with local partners and stakeholders to ensure that plans are comprehensive, and any interventions do not duplicate existing provision. This engagement has already commenced and will continue during the period leading up to the regional plan submission and beyond as authorities enter the delivery phase.

## **12. FINANCIAL IMPLICATION(S)**

- 12.1 Section 5 of the report sets out the detail of the 3 year UKSPF programme. It should be noted that there is no requirement for match funding although lead authorities are encouraged to consider the inclusion of other funding sources to maximum the impact of the UKSPF.
- 12.2 Subject to endorsement of the lead authority role, the Council will require additional staff resources to ensure effective management and delivery of the funds. 4% of the total allocation for the region (as detailed in paragraph 5.4) can be used for administration costs some of which will need to be retained to ensure RCT has sufficient resource/capacity to undertake the lead authority role, and some of which will need to be distributed to each local authority to support the administration of their local investment plans. The exact split will be determined once further technical guidance is issued by the UK Government around the nature and extent of the monitoring and evaluation requirements.

## **13. LEGAL IMPLICATIONS OR LEGISLATION CONSIDERED**

- 13.1 There are no legal implications associated with this report, but any implications will be identified as part of developing the Investment Plan and on receipt of associated terms and conditions of funding from UK Government.



## **14. LINKS TO THE CORPORATE AND NATIONAL PRIORITIES AND THE WELL-BEING OF FUTURE GENERATIONS ACT**

14.1 The 3 investment priorities of the UKSPF – Communities and Place, Supporting Local Business and People and Skills directly complement the main priorities identified in the Council's Corporate Plan 2020-2024 'Making a Difference' of:

- People: independent, healthy and successful.
- Creating Places: where people are proud to live, work and play.
- Enabling Prosperity: creating the opportunity for people and business to be innovative, be entrepreneurial and fulfil their potential and prosper.

14.2 All activity within the South East Wales Regional Investment Plan will need to contribute to the goals of the Well Being of Future Generations Act. In particular, the economic and environmental well-being of Wales, supporting the delivery of a prosperous Wales, a more resilient Wales and a Wales of cohesive communities.

## **15. STRATEGIC OR RELEVANT TO ELECTORAL WARDS**

15.1 Successful development of the Regional Investment Plan and its associated projects are of strategic significance to Rhondda Cynon Taf and the wider South East Wales region.

## **16. CONCLUSION AND NEXT STEPS**

16.1 The UKSPF will provide £2.6 billion of support across the UK during the period 2022 to 2025 and is a key part of the UK Government Levelling Up agenda.

16.2 In South East Wales, £278.5M is available during this period with £45M of this allocated for local investment in Rhondda Cynon Taf.

16.3 Within the context of the Fund's aims, each authority area has the flexibility to invest across a range of activities that represent the right solutions to improve local pride in place, increase life chances, to help spread and create opportunity, and a sense of community and belonging.

16.4 Local authorities have been invited to collaborate and develop one investment plan for the South East Region to maximise the opportunities available from the 3 year funding programme.

- 16.5 It is proposed that the Council performs the role of lead authority, takes responsibility for submitting a Regional Investment Plan by the 1 August 2022 and undertakes the ongoing management of the Fund following approval by the UK Government.
- 16.6 Detailed guidance to support the development and submission of the Investment Plans is still awaited from UK Government and is expected to be published during July. In the meantime, RCT officers will continue to work with internal departments as well as each local authority in the South East region to develop and refine a programme of potential activity that will form the basis of the 3 year Regional Investment Plan.
- 16.7 The plan will identify overarching interventions for each authority that relate to the three investment priorities detailed in paragraph 4.4 and will allow local priorities to be further developed in partnership with our communities and stakeholders over the coming months.
- 16.8 In the period between submission of the investment plan and approval by UK Government, significant work with local partners and stakeholders will also be required to further consider the delivery phase of the UKSPF in South East Wales and fully develop the necessary governance arrangements and associated legal agreements.

**Other Information:-**

***Relevant Scrutiny Committee***

Climate Change, Prosperity & Frontline Services

***Contact Officer:***

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**LOCAL GOVERNMENT ACT 1972**

**AS AMENDED BY**

**THE LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985**

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(COUNCILLOR MARK NORRIS)**

**Item:**

**Background Papers**

None.

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