

**RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL**

**MUNICIPAL YEAR 2022/23**

**CLIMATE CHANGE, FRONTLINE SERVICES & PROSPERITY SCRUTINY  
COMMITTEE**

**TO RECEIVE AN UPDATE ON THE UK GOVERNMENT SHARED PROSPERITY  
FUND AND THE INVESTMENT PLANS FOR SOUTH EAST WALES AND  
RHONDDA CYNON TAF**

**16 JANUARY 2023**

**REPORT OF THE DIRECTOR OF PROSPERITY AND DEVELOPMENT, IN  
DISCUSSIONS WITH THE RELEVANT PORTFOLIO HOLDER COUNCILLOR  
NORRIS**

**1.0 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 Provide detail of the South East Wales Regional Investment Plan and the Council's lead authority role on behalf of the region.
- 1.3 Provide detail of the investment opportunities for Rhondda Cynon Taf and provide detail of the RCT local investment plan.

**2.0 RECOMMENDATIONS**

It is recommended that Members:

- 2.1 Acknowledge the contents of this report; and
- 2.2 Consider whether they wish to scrutinise in greater depth any further matters arising from the report.

**3.0 BACKGROUND**

- 3.1 Following the withdrawal of the UK from the European Union on 31<sup>st</sup> January 2020, the UK Shared Prosperity Fund (UKSPF) is the UK Government's replacement for the European Structural and Investment Funds (ESIF).

- 3.2 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.
- 3.3 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.
- 3.4 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. As part of this priority, there is also a dedicated and ringfenced element called **Multiply**, which seeks to improve adult numeracy skills through free personal tutoring, digital training, and flexible courses.
- 3.5 Each of these investment priorities include a wide range of eligible interventions which provide significant opportunity to develop a flexible funding package.

#### **4.0 DELIVERY OF UKSPF IN SOUTH EAST WALES**

- 4.1 In Wales, local government has been given responsibility for developing four regional investment plans for approval by the UK government, and for the subsequent management and delivery of the Fund.

- 4.2 For South East Wales, one regional investment plan has therefore been developed to cover the 10 local authority areas in the Cardiff Capital Region and was submitted to UK Government for assessment on 1<sup>st</sup> August 2022.
- 4.3 Each local authority has also had to develop their own local investment plan to reflect local needs and opportunities, and these underpin the regional submission to UK Government.
- 4.4 UK Government require a lead local authority to receive the UKSPF allocation to manage on behalf of a region and for South East Wales, RCT Council is undertaking this role. There will however be local flexibility in each authority area over how the fund is best delivered, for example, competition for grant funding, procurement, commissioning, or in-house delivery.
- 4.5 Approval from UK Government of the 3 year regional investment plan for the period April 2022 to March 2025 was received on 5<sup>th</sup> December 2022 although funding for the years 2023/24 and 2024/25 will be paid annually subject to the delivery of forecast outputs, outcomes and spend for the previous financial year.
- 4.6 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.
- 4.7 At this time, no funding will be provided for programme closure activity after 31 March 2025. Conversations with UK Government officials regarding this are however ongoing.

## **5.0 FUNDING ALLOCATIONS**

5.1 Across Wales there is a total allocation of £585M which includes £484M core SPF funds and a further £101M for Multiply (Multiply is a UK Government programme for improving adult numeracy skills). The allocation for the South East Wales region is £278M, the detail of which is set out in the table below at 5.2. The formula UK Government has used to allocate the funding is;

- 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.

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

<b>Local Authority</b>	<b>Core UKSPF £</b>	<b>Multiply £</b>	<b>Total £</b>
Blaenau Gwent	23,301,572	4,863,920	28,165,492
Bridgend	19,116,296	3,990,295	23,106,591

Caerphilly	28,272,298	5,901,499	34,173,797
Cardiff	34,587,594	7,219,740	41,807,334
Merthyr Tydfil	22,698,977	4,738,136	27,437,113
Monmouthshire	5,919,533	1,235,631	7,155,164
Newport	27,177,563	5,672,986	32,850,549
Rhondda Cynon Taf	37,320,994	7,790,305	45,111,299
Torfaen	20,431,241	4,264,774	24,696,015
Vale of Glamorgan	11,606,505	2,422,717	14,029,222
<b>Total</b>	<b>230,432,573</b>	<b>48,100,003</b>	<b>278,532,576</b>

- 5.3 The scale of available funding for Multiply is significant and hugely challenging across the programme period particularly in the first financial year where at the time of submission of the regional plan, a projected underspend of 50% was envisaged. However, with time to build capacity on the supply side and work on the demand side this level of underspend could be reduced to a minimum of 10% in year 2 and 5% in year 3.
- 5.4 The approval received from UK Government on 5<sup>th</sup> December for the regional investment plan currently excludes the projected Multiply regional underspend of c.£9.8m but conversations are ongoing with UK Government regarding flexibility with this part of the programme and utilisation of the projected underspend.
- 5.5 It is recognised that some activity is more suited to delivery at a regional rather than local level. A notional allocation of 1.43% (c.£3.3 million) is therefore being top sliced from the South East allocation for the Cardiff Capital Region to deliver a small but focussed regional programme of activity in the following areas:
- Cluster growth activity;
  - Development and roll out of the Assured Skills Academies; and
  - Strategic development of regional tourism and place focussed proposals.

## **6.0 LEAD AUTHORITY FUNCTION**

- 6.1 As lead authority, RCT has a single funding agreement with UK Government for the full South East Wales allocation. There will however be back to back Service Level Agreements between RCT and the other nine local authorities to pass on accountability for local delivery and the terms and conditions of the UK Government funding.
- 6.2 Additional capacity is required to fulfil the obligations of the lead authority role and 4% of the total allocation for the region can be used to fund administration. It has been agreed with each authority that RCT will retain 40% of the available 4% (approx. £4.5m). An additional capacity payment of £40,000 in year one is also available to RCT for developing the regional investment plan.

6.3 A new Shared Prosperity Team is therefore being established within RCT with the Programme Manager, Programme Accountant and Project Management & Delivery Lead Officer appointed on an internal secondment basis from September 2022. The recruitment process for the remaining posts will commence in January 2023.

## **7.0 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 indicative allocation is distributed across the three financial years as follows:

<b>Financial Year</b>	<b>Core SPF</b>	<b>Multiply</b>	<b>Total Annual Allocation</b>
<b>2022/23</b>	£4,529,246	£2,355,209	<b>£6,884,455</b>
<b>2023/24</b>	£9,058,494	£2,717,548	<b>£11,776,042</b>
<b>2024/25</b>	£23,733,254	£2,717,548	<b>£26,450,802</b>
<b>Total Allocation</b>	<b>£37,320,994</b>	<b>£7,790,305</b>	<b>£45,111,299</b>

7.3 As highlighted in paragraph 5.4, the approval from UK Government currently excludes the projected Multiply underspend which equates to £1,585,236 for RCT. The total approval to date is therefore £43,526,062.

7.4 An amount of £628,247 will also be top sliced from this approval as a contribution towards the CCR regional activity described in paragraph 5.5.

7.5 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.

7.6 The RCT local investment plan includes 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.

7.7 The RCT local investment plan projects will deliver against a range of eligible UKSPF interventions within each of the three investment priorities:

Investment Priority	UKSPF Intervention
Communities and Place	Funding for improvements to town centres and high streets, including better accessibility for disabled people. <b>Examples include small scale grants to improve external envelope of town centre properties and strategic site developments such as the former M&amp;S site, Pontypridd.</b>
	Funding for new, or improvements to existing, community and neighbourhood infrastructure projects including those that increase communities' resilience to natural hazards, such as flooding, and investment in locally owned renewable energy generation and waste management. <b>Examples include grant support for energy efficiency measures and installation of solar panels.</b>
	Design and management of the built and landscaped environment to 'design out crime'. <b>Examples include funding of Wardens and Community Safety Officers.</b>
	Support for active travel enhancement and other small-scale green transport infrastructure projects. <b>Examples include subsidised public transport to encourage car free commuting.</b>
	Funding for impactful volunteering and/or social action projects to develop social and human capital in local places. <b>Examples include Neighbourhood Network and Community Resilience Hubs to increase connections, knowledge, best practice and resources between community groups and services.</b>
	Community measures to reduce the cost of living, including through measures to improve energy efficiency, and combat fuel poverty and climate change. <b>Examples include a competitive grant programme of support for community groups and organisations across RCT.</b>
Supporting Local Business	Strengthening local entrepreneurial networks and supporting businesses at all stages of their development. <b>Examples include grants to new and existing business to start up, expand and diversify and grants to support self-employment in the social care sector.</b>
People and Skills	Employment support for economically inactive people including intensive and wrap-around one to one support to move people closer to mainstream provision and to gain and retain employment. <b>Examples include tailored and intensive support delivered through mentors / key workers and referrals to local training, skills and specialised support.</b>

7.8 Lead officers have been identified for all project proposals included within the investment plan and individual schemes will be reported to SLT and Cabinet in due course.

## **8.0 EQUALITY AND DIVERSITY IMPLICATIONS / SOCIO-ECONOMIC DUTY**

8.1 There is no requirement for an Equality Impact Assessment or Socio-Economic Analysis for the purposes of this report, but these will be accounted for as part of the development and delivery of the associated projects.

## **9.0 WELSH LANGUAGE IMPLICATIONS**

9.1 There is no requirement for a Welsh Language Impact Assessment with this report, but this will be accounted for as part of the development and delivery of the associated projects.

## **10.0 CONSULTATION / INVOLVEMENT**

10.1 There is an expectation that local authorities engage with local partners and stakeholders to ensure that investment plans are comprehensive, and that any interventions do not duplicate existing provision.

10.2 Over recent months, partner authorities and Cardiff Capital Region officers have commenced engagement with key stakeholders in the public, private and third sectors together with respective MPs to help inform the development of emerging project proposals and the overarching regional investment plan. This engagement will continue as authorities enter the delivery phase.

## **11.0 FINANCIAL IMPLICATION(S)**

11.1 It should be noted that there is no requirement from UK Government for match funding although authorities are encouraged to consider the inclusion of other funding sources to maximum the impact of the UKSPF.

11.2 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 6.2) can be used for administration costs some of which will be retained to ensure RCT has sufficient resource/capacity to undertake the lead authority role, and the remainder distributed to each local authority to support the administration of their local investment plans.

11.3 In addition, the Council can also use up to 4% of its local allocation to undertake necessary management and administration of the RCT local investment plan including costs for contracting, monitoring and evaluation and ongoing stakeholder engagement.

## **12.0 LEGAL IMPLICATIONS OR LEGISLATION CONSIDERED**

12.1 There are no legal implications associated with this report, but as lead authority, RCT has a single funding agreement with UK Government for the full South East Wales allocation and there will be back to back Service Level Agreements between RCT and the other nine local authorities to pass on accountability for local delivery and the terms and conditions of the UK Government funding.

## **13.0 LINKS TO THE CORPORATE AND NATIONAL PRIORITIES AND THE WELLBEING OF FUTURE GENERATIONS ACT**

13.1 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.

13.2 All activity within the local and regional investment plans 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.

## **14.0 STRATEGIC OR RELEVANT TO ELECTORAL WARDS**

14.1 Successful delivery of the local and regional investment plans and its associated projects are of strategic significance to Rhondda Cynon Taf and the wider South East Wales region.

## **15.0 CONCLUSION AND NEXT STEPS**

15.1 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.

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

15.3 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.



- 15.4 Back to back legal agreements between the Council and the other nine local authorities in South East Wales will be finalised and delivery will commence at the earliest opportunity in all areas.
- 15.5 In RCT, lead officers have been identified for all project proposals included within the investment plan and individual schemes will be reported to SLT and Cabinet in due course.
- 15.6 Recruitment for the remaining posts within the core Shared Prosperity Team will commence in early January to ensure the Council has sufficient resource/capacity to undertake the lead authority role.