



**Joint Report of the Cabinet Member for Economy, Finance and Strategy & the
Cabinet Member for Investment, Regeneration and Tourism**

Cabinet – 16 February 2023

UK Shared Prosperity Fund Implementation

Purpose	Request approval to implement the UK Government Shared Prosperity Fund. Outline of the UK Shared Prosperity Fund Regional Investment Plan and implementation approach including Swansea as Lead Authority for the South West region.
Policy Framework	Council Constitution:- Financial procedure Rules Regional Economic Delivery Plan
Consultation	Access to Services, Finance, Legal.
Recommendation(s)	It is recommended that Cabinet:
1)	Approves the implementation of the Shared Prosperity Fund as outlined in the report, with Swansea acting as Lead Authority for South West Wales.
2)	Delegates authority to the Director of Place, the Director of Finance and the Chief Legal Officer to finalise and enter into any appropriate agreements between local authority partners as necessary to deliver the SPF.
3)	Approves the scope of the proposed Swansea SPF Anchor projects as set out in paragraph 4.6.
4)	Delegates authority to the Leader in consultation with the relevant Cabinet Member, Director of Finance, Director of Place and Head of Service for Planning and City Regeneration to approve external grant awards above £25,000.
5)	Delegates authority to Director of Place, Head of Service for Planning and City Regeneration and Economic Development & External Funding Manager, in consultation with the relevant Cabinet Member to approve applications for external grants up to the value of £25,000.
6)	Delegates authority to the Director of Place in consultation with relevant Cabinet Member, to make decisions on the internally delivered projects within the Council e.g minor project adjustments.

- 7) Notes that further FPR7 reports will be brought back to Cabinet in line with the Council's Constitution for additional capital projects arising out of Shared Prosperity Fund.

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1. Background

- 1.1 The UK Shared Prosperity Fund (UKSPF) is a central pillar of the UK government's Levelling Up agenda and will provide funding over the next 3 years up until March 2025. All areas of the UK will receive an allocation from the Fund via a funding formula rather than a competition. Its mix of revenue and capital funding can be used to support a wide range of interventions to build pride in place and improve life chances.
- 1.2 The UKSPF total for the region is made up of 'core' funding, which will fund most of the Fund's Priorities and the Multiply programme which focuses on supporting adult numeracy initiatives. The allocation for each of the local authorities across the region is as follows:

Total	Core UKSPF	Multiply	Total
South West Region	£ 113,985,414	£ 17,970,430	£ 131,955,844
Carmarthenshire	£ 32,002,918	£ 5,045,437	£ 37,048,355
Neath Port Talbot	£ 28,448,295	£ 4,485,031	£ 32,933,326
Pembrokeshire	£ 19,125,971	£ 3,015,315	£ 22,141,286
Swansea	£ 34,408,230	£ 5,424,647	£ 39,832,877

- 1.3 This funding will be invested across three priorities of the UKSPF by 31 March 2025:
- Communities and place: to enable places to invest to restore their community spaces and relationships and create the foundations for economic development at the neighbourhood-level, to help strengthen the social fabric of communities, supporting in building pride in place.
 - Support for local businesses: enabling places to fund interventions that support local businesses to thrive, innovate and grow.
 - People and skills: funding to 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.

- 1.4 The Programme is broader in scope than previous EU funds, but with a considerably reduced budget like for like. The Programme cannot be used to replace statutory provision.
- 1.5 In Wales, UK government supports delivery across the four regional strategic geographies on the economic development footprint. Local government has been given responsibility for developing a regional investment plan for approval by the UK government, and for delivery of the Fund thereafter. A 'lead local authority' for the region will receive the Region's allocation and have overall accountability for the funding and how the Fund operates. Swansea Council has been nominated to act as the lead Authority on behalf of the South West region.

2. Regional Investment Plan

- 2.1 In order to access their allocation, lead local authorities have been asked to complete a Regional Investment Plan, setting out how they intend to use and deliver the funding at a very high level. The investment plan was submitted to UK government in August 2022.
- 2.2 Due to the short timescales involved, each local authority prepared a local investment plan which has fed into the wider Regional Investment Plan for South West Wales. The Investment Plan for Swansea was drafted in consultation with the Regeneration Swansea partnership and is based on our existing strategies and plans including the Economic Recovery Action Plan and the South West Wales Regional Economic Delivery Plan. From positive feedback received from civil servants prior to submission there was a smooth run through the appraisal process. Approval was received 5 December 2022.

3. Implementation

- 3.1 Work is progressing on implementation on a regional basis to provide commonality so far as possible, but also consistency with the implementation statement in the regional Investment Plan. Underlying this work are the following principles:
 - Achieving a rapid start to ensure allocations are fully taken up each year.
 - Devolving implementation to the local level, but in the context of the regional plan and with a regional lead.
 - Minimising as far as possible the number of legal agreements and Service Level Agreements in part by taking advantage of UK Department for Levelling up, Housing and Communities guidance that local authorities can deliver parts of the programme in-house.
- 3.2 Four modes of delivery are proposed. In order of implementation these are:

Anchor projects: These are major projects run primarily in-house that will deliver major parts of the investment strategy. They will focus on specific DLUHC themes (Communities and Place, Supporting Local Business, People and Skills including or excluding Multiply), they may also tackle themes that run across the DLUHC themes (e.g. poverty), or a mixture of the two. There is no

assumption that the same anchor projects will run across the region. Anchor teams will comprise of both new and existing staff to ensure these are properly resourced to ensure delivery. Each Anchor project will be co-ordinated through a local board to include organisation(s) involved in delivery.

Grant schemes: For the most part these will be thematic and integrated into the anchor projects, but can stand alone if necessary. It is envisaged that these will provide:

- a. Grants to voluntary and community groups (also town and community councils) under the Communities and Place theme.
- b. Grants to businesses under the Supporting Local Businesses theme for capital equipment and innovation, to support start-ups and achieve decarbonisation.
- c. Grants primarily to the third sector and private sector to support activity previously supported by the WCVA Active Inclusion programme, or similar, where there is evidence that funding will prove an effective and efficient use of resources.

Standalone projects. These will be invited by competitive bidding rounds to fill clear gaps in strategy delivery that are not being met by anchor projects or grant schemes.

Procured projects. These will be specified and procured to deliver precisely defined activity that is not being fulfilled by anchor projects, grant schemes or procured projects

4. Project Development

- 4.1 The Economic Development & External Funding Team has already collated information provided by Council officers across Place, Social Services and Education, and those key strategic partners representing Regeneration Swansea economic regeneration partnership as well as a consultation session and submissions from the Third Sector, regarding projects they have identified as being suitable for delivery through the Shared Prosperity Fund. These are not bids or applications for funding, but are viewed by the Economic Development & External Funding Team as an indication of the types of projects that the Council and other organisations have an appetite to deliver, and also the magnitude of resources needed. The demand for resources inevitably exceeds the budget available, but there is some duplication of interventions, and some project concepts are insufficiently related to the objectives of the UKSPF or the Regional Investment Plan.
- 4.2 We have also been contacted by national (primarily Welsh) and some very local organisations seeking funding. We envisage that the best way of small local organisations accessing UKSPF will be through grant schemes, hence the intention to put these in place as quickly as possible. National bodies will be able to compete for funding for standalone or commissioned projects.

- 4.3 The most pressing task is to finalise design of the Anchor projects. Based on the objectives of the UKSPF, the regional Investment Plan, feedback from local and regional consultation and the project ideas that have come forward. Table 1 indicates the scope and scale of the anchor projects. Over half of the funding within anchor projects is designed around grant schemes to ease access for smaller organisations in the private and third sectors, with the balance being employability and business support frontline provision. Provision is carefully aligned to ensure no duplication with any other funding streams, and seamlessly integrated with existing provision. Activities targeted reflect the known pressures based on current economic circumstances.
- 4.4 It is proposed that the People & Skills theme be addressed through a targeted open call with reference to the most up to date skills and employment research via the Regional Learning and Skills Partnership to enable the training sector to formulate appropriate proposals.
- 4.5 The headline principles outlined above are based on the range of engagement across the Council and partners outlined above. Detail will be further refined assuming the headline activities and budget allocations are supported.
- 4.6 It is anticipated that the budget/resources allocated to in-house Anchor projects will not exceed more than 50% of UKSPF resources, excluding Multiply, but nonetheless significant resources would be directed outwards to external organisations seeking funding support where this aligns with the programme requirements and regional and local strategies.

Table 1: Indicative programme breakdown of activities and budget

Anchor/call title	Activity	Budget
Supporting Communities Anchor	<ul style="list-style-type: none"> Grant funding for community/ third sector projects 	Up to £3,000,000
Transforming County Place Anchor	<ul style="list-style-type: none"> Historic structures and conservation area feasibility and project fund Village and town centre small scale enhancements Business improvement grants Heritage led economic regeneration activities and trails Meanwhile spaces (commission) Strategic feasibility studies 	Up to £3,500,000
Culture & Tourism Anchor	<ul style="list-style-type: none"> Development of creative network, sector support, Fusion digital skills, strategy and feasibility 	Up to £3,500,000
Rural Anchor	<ul style="list-style-type: none"> Successor project to the Rural Development Programme providing funding for rural community development, climate change and net zero based 	Up to £800,000

	activities and rural business activities	
Supporting Business Anchor	<ul style="list-style-type: none"> • Business Grants - Start up grants, growth grants, website development grants, supplier development grants • Self-employment and business support events, supplier development workshops, local food producer events • Carbon Reduction grants and training for businesses • City Centre events linked to Swansea Market to drive footfall • Commercial Property Development Fund • Third Sector business development support 	Up to £5,000,000
Employability anchor – Pathways to Work	<p>Council coordinated multi-agency employability provision to include:</p> <ul style="list-style-type: none"> • NEET Prevention (Cynnydd successor) • Post-16 NEET support (Cam Nesa successor) • Enhanced Employability support for 16+ Economically Inactive and Long Term Unemployed. • Paid Work Placements • City Centre Employment Hub • Prison leavers support • Specialist and niche employability support fund of £2m to be launched as open call. To include provision for ESOL, support people with disabilities and work limiting health conditions. 	Up to £6,400,000
General Open Call		£8,000,000 minimum
Skills Open Call		£3,000,000
Multiply Open Call		£5,207,661
4% Management fee (up to)		£1,425,216
Total		£39,832,877

5. Decision-making

5.1 The UK SPF prospectus outlines that local partnerships will be a core component of how the fund is administered locally. It states that once Investment Plans are approved partners should be asked to provide advice on strategic fit and

deliverability of investments. As such, it is proposed the Regeneration Swansea partnership will act as the local project board for SPF and undertake assessment of the anchor projects and standalone funding bids received through open calls and make recommendations to Cabinet on which bids to approve. Once the programme is operational, the partnership will receive monitoring reports on the delivery of the programme in Swansea to ensure the programme is being delivered in line with the local priorities set out in the investment plan.

- 5.2 The assessment process for funding bids received would be undertaken through thematic grant panels (for Communities & Place, Supporting Business and People & Skills) comprising of Regeneration Swansea members and Cabinet members/ officers as appropriate. To avoid any conflicts of interest, grant panel members would need to declare their interests in any bids and would not be able to take part in the assessment and scoring of those applications. Based on the grant panel assessments, a shortlist of recommended bids would be presented to the full Regeneration Swansea partnership for endorsement. The outcome of the Regeneration Swansea assessment process and recommended shortlist would then be presented to Cabinet for approval. Similarly, all anchor projects would be assessed by the relevant thematic grant panel to ensure they meet the requirements of the Investment Plan, prior to sign off by Cabinet.
- 5.3 It is recommended that grant awards above £25k are delegated to the Leader in consultation with the relevant Cabinet Member, S151 Officer, Director of Place and Head of Service for Planning and City Regeneration. For grants up to £25k decisions be delegated to Director of Place, Head of Service for Planning and City Regeneration and Economic Development & External Funding Manager, in consultation with the relevant Cabinet Member. On the basis that UK SPF Guidance requires a consultative local partnership panel, the intention is to use Regeneration Swansea as that consultative mechanism.
- 5.4 The Regional Regeneration Directors Group, reporting to the Corporate Joint Committee, would act as the SPF regional project board for South West Wales and be responsible for monitoring the programme at the regional level to ensure it is being delivered in line with the Regional Investment Plan for South West Wales.

6. Resources

- 6.1 It is envisaged that the Anchor projects will be sufficiently staffed to project manage in-house and grant scheme delivery where these grant schemes form part of the Anchor projects. Where the grant scheme is stand-alone that sufficient resource to administer the grants will be included within the budget. Standalone and Commissioned projects will be expected to also include appropriate budgets for their project management.
- 6.2 UK SPF provides for circa 4% of resources to be used to fund administrative support for the programme. In Swansea, this amounts to £1.66m for the programme duration, based on the local budget allocation. However, given Swansea Council's role as Lead Local Authority it is proposed that this budget is uplifted to £2.43m to resource a regional function. Each LA would contribute a proportion of their 4% budget to fund the uplift, whilst still retaining 80% of their

original indicative budget. Most will be used to provide additional capacity within the Economic Development & External Funding Team. This team will need to:

- Organise competitive bidding rounds as necessary.
- Commission projects as necessary.
- Carry out Regional & Local programme management functions to include:
 - Collation of financial and non-financial returns from Swansea projects for submission to the Regional Management function.
 - Collation of financial and non-financial returns from each Local Authority for collation and submission to DLUHC from the Regional Management function/Lead LA.
 - Performance management and change control.
 - Commissioning of local evaluations and contract management.
 - Management of branding and publicity issues.
 - Subsidy control.
 - Assurance of propriety, regularity, and value for money of expenditure.
 - Liaison with DLUHC regarding possible audit.
- Prepare Annual Reports on UK SPF to Cabinet.

7. Timescale

7.1 The following timescale is envisaged:

December 2022	Allocation of existing staff to work on Regional Management function and Anchor projects. Communication of implementation approach to stakeholders. Staff in Economic Development & External Funding Team to design procedures and processes, initial staff briefings complete.
December 2022	Regional Investment Plan approved and UKSPF allocation made available. Phase 1 anchor projects fully designed. Recruitment for new posts to commence. Regional SPF guidance and application pack finalised and uploaded to dedicated SPF webpage.
Feb 2023	Phase 1 anchor projects formally approved and start delivery. Progress development of Phase 2 anchor projects. Thematic grant schemes fully designed and ready to launch.
February 2023	South West Wales UKSPF programme launch event with local publicity. Targeted open call for standalone projects.
March 2023	First grant scheme approvals. Phase 2 anchor projects to commence.

End December 2024	End date for programme delivery. Commencement of programme closure period
Jan - March 2025	Programme closure - completion of final claims, progress reporting and evaluation.

- 6.2 It should be stressed that this is a demanding timescale and there is a high risk that slippage may occur, and that this may lead to underspending of the 2022/23 allocation.

7. Conclusions

- 7.1 Cabinet is asked to approve the approach proposed for the implementation of UKSPF in Swansea, recognising that amendments to the proposals may yet prove necessary and/or desirable.

8. Legal implications

- 8.1 The programme is structured to keep the number of formal service level agreements to a minimum. Support for legal costs is included in lead authority budgets. A service level agreement is to be prepared formalising the working relationship between the four South West local authorities. External lawyers have been instructed to draft the service level agreement as a result of lack of capacity within the in house legal team.
- 8.2 External lawyers have also been instructed to draft the formal award letters for funding to third parties. This is necessary to ensure compliance with grant terms and conditions in addition to the high level requirements set out by UK Government in the SPF Prospectus, Additional Information guidance, and Memorandum of Understanding that will be awarded for each financial year of the programme.

9. Finance Implications

- 9.1 The programme must operate within the defined budgets. Support costs for financial services are incorporated to support the volume of processing activity anticipated and the bulk of this will be managed by the regeneration teams but additional core finance and accountancy support is likely to be needed urgently. All terms and conditions from UK Government will be transmitted to partner authorities via the Service Level Agreement. All external organisations in receipt of funding will be in receipt of a suitable offer letter summarising terms and conditions relevant and proportionate to the scale and purpose of the grant award and relevant UK Government requirements.
- 9.2 Financial risk must be continually reviewed.
- 9.3 Allocations for each financial year are paid by UK Government on receipt of signed Grant Determination letter and in advance of the start of each financial year. Funds unspent in year can be vired into future years on approval of a 'credible plan' demonstrating the funds unspent can be utilised in the following financial year, on an annual basis only.

9.4 Outcome related expenditure will only be reimbursed to partner authorities on receipt of a satisfactory progress report and where relevant evidence that outcomes required have been achieved.

10. Integrated Assessment Implications

10.1 The Council is subject to the Equality Act (Public Sector Equality Duty and the socio-economic duty), the Well-being of Future Generations (Wales) Act 2015 and the Welsh Language (Wales) Measure, and must in the exercise of their functions, have due regard to the need to:

- Eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Acts.
- Advance equality of opportunity between people who share a protected characteristic and those who do not.
- Foster good relations between people who share a protected characteristic and those who do not.
- Deliver better outcomes for those people who experience socio-economic disadvantage
- Consider opportunities for people to use the Welsh language
- Treat the Welsh language no less favourably than English.
- Ensure that the needs of the present are met without compromising the ability of future generations to meet their own needs.

10.2 The Well-being of Future Generations (Wales) Act 2015 mandates that public bodies in Wales must carry out sustainable development. Sustainable development means the process of improving the economic, social, environmental and cultural well-being of Wales by taking action, in accordance with the sustainable development principle, aimed at achieving the 'well-being goals'.

10.3 Our Integrated Impact Assessment (IIA) process ensures we have paid due regard to the above. It also takes into account other key issues and priorities, such as poverty and social exclusion, community cohesion, carers, the United Nations Convention on the Rights of the Child (UNCRC) and Welsh language.

10.4 The Shared Prosperity Fund will invest in projects that support people, boost skills and support local business – to build more communities that people are proud to call home.

10.5 Whilst this assessment concludes that no full report is required, a wider stakeholder engagement has taken place at regional and local level both within the Council and external third and private sector stakeholder

10.6 All projects are being designed to be fully compliant with the Well-being of Future Generations (Wales) Act 2015, and to align with the Council's obligation to act in a sustainable way and the examples of public and private sector investment demonstrate compliance with the 5 Ways of Working promoted by the Act and will make a significant contribution to the 7 well-being goals. All projects must

describe this in the strategic context section of their application form for assessment.

10.7 Each project will be subject to its own IIA process.

Background papers:

Links to UK SPF Prospectus

[UK Shared Prosperity Fund: prospectus - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/672222/UK_Shared_Prospersity_Fund_prospectus.pdf)

Appendices:

Appendix 1 - IIA