

## **SCRUTINY COMMITTEE REPORT**

Date Written	20 <sup>th</sup> February 2023
Report Author	Chris Long, Ryan Barry, Joanne Davies
Service Area	Housing & Regeneration
Committee Date	7 <sup>th</sup> March 2023

### **UK Shared Prosperity Levelling-Up Fund**

#### **1.0 SUMMARY OF THE REPORT**

- 1.1 This report summarises progress on the UK Government's Levelling-up Programme, specifically, the Shared Prosperity Fund (SPF) element.
- 1.2 The report describes the UK Government's rationale in terms of deciding on its financial allocation to each region whilst also identifying year on year spend over the course of the programme.
- 1.3 The report also explains the journey of work undertaken to date by the Core SPF Team in relation to deciding upon programme priorities and the needs of the County Borough.
- 1.4 The report provides an update on the Levelling-up Capital Fund and Multiply Programme.

#### **2.0 RECOMMENDATIONS that**

- 2.1 The contents of this report are discussed and noted.

#### **3.0 INTRODUCTION AND BACKGROUND**

- 3.1 Members will be aware of previous Scrutiny reports that considered the implications of Brexit and the loss of EU funding. The before mentioned reports also outlined information relating to the UK Government's Community Renewal Fund (CRF) and proposed 'Levelling Up' grant funding programmes, namely, Shared Prosperity Fund.
- 3.2 Scrutiny Members have identified risks associated with the ceasing of EU Structural funding and the subsequent impact on a number of services within the County Borough. In a previous Scrutiny report, it was highlighted that at that time there was very little information available in relation to what the SPF Programme would look

like, what the focal points (or themes) were and how it would be administered. This report hopefully outlines all of those areas.

- 3.3 The purpose of this report is to appraise Scrutiny Members on the progress of the “Levelling Up” Programme, specifically in relation to the Shared Prosperity Fund.

## **4.0 WHERE WE WERE**

- 4.1 Following the BREXIT referendum on the 23rd of June 2016, the UK’s decision to leave the European Union (EU) has had a momentous impact on the political and economic landscape of the UK, and more specifically Wales.

- 4.2 As referenced in previous Scrutiny Committee reports referenced above, many of the EU programmes have been running in different guises over the last 20 years, and in doing so, have developed relationships within our various communities, businesses, third sector organisations and stakeholders.

- 4.3 In 2019, and as part of the Conservative Party’s election campaign, they announced their plans to “level up” the UK by giving people and communities the opportunity “catch up” to more affluent areas. However, a definitive plan as to how they proposed to do this was not released until February 2022.

- 4.4 In early November 2021 (three months later than originally scheduled), UK Government announced all of the successful Community Renewal Fund (CRF) projects from around the UK. From the six applications submitted from Merthyr Tydfil, four were successful which had a total grant value of just over £1.9m. These were as follows:

- British Institute for Geological Conservation (BIGC) - Based at Cyfarthfa Greenhouses
- H Factor Group Cyf
- Merthyr Tydfil Leisure Trust
- Tydfil Training Consortium Ltd

## **5.0 WHERE WE ARE NOW**

- 5.1 The SPF Programme is made-up of 53 interventions (including Multiply – description below in point 5.2) with associated community outputs and outcomes aimed at:

- Boosting productivity, pay, jobs and living standards by growing the private sector, especially in those places where they are lagging.
- Spreading opportunities and improving public services, especially in those places where they are weakest.
- Restoring a sense of community, local pride and belonging, especially in those places where they have been lost.
- Empowering local leaders and communities, especially in those places lacking local agency.

5.2 Table 1 below gives a brief description of each of the four Levelling Up funds:

#### **Shared Prosperity Fund:**

The Shared Prosperity Fund is a £2.6 billion revenue programme which is focused on three priority areas:

- Community & Place
- Supporting Local Business
- People & Skills

SPF aspires to empower each place to identify and build on their own strengths and needs at a local level, focused on pride in place and increasing life chances. The delivery of this fund is giving directly to local authorities who will be supported by local partners.

The Fund can be used flexibly to support interventions via:

- grant to public or private organisations
- commissioning third party organisations
- procurement of service provision
- in-house provision

#### **Levelling Up Fund:**

The Levelling Up Fund is a capital regeneration programme focussed around three pillars (priorities). These are:

- Transport Investments
- Regeneration and Town Centre Investments
- Cultural Investments

Bids can be for an individual project or a package of up to three projects up to £20 million in grant value per bid. Two large culture projects will be funded across England, Scotland and Wales worth £20 - £50 million.

#### **Community Ownership Fund:**

The £150m Community Ownership Fund helps communities across England, Scotland, Wales and Northern Ireland to take ownership of assets at risk of closure, ensuring that important parts of the social fabric can continue to play a central role in our towns and villages.

#### **Multiply Programme:**

The Multiply Programme has the potential to reach adults across the whole United Kingdom over the next three years; improving their functional numeracy skills. This will support the UK Governments Levelling Up mission to ensure that by 2030, the number of people successfully completing high-quality skills training will have significantly increased in every area of the United Kingdom.

There is an aspiration to help people improve their ability to understand and use maths in daily life, home, and work. Whether that be improving household finances, helping children

with homework, making more sense of the facts in the media, or improving numeracy skills specific to a line of work.

To achieve that, Multiply will offer a range of options such as free personal tutoring, digital training and flexible courses that fit around people’s lives and are tailored to specific needs, circumstances, sectors and industries.

**Table 1: Outline of each of the Levelling-up grant programmes**

- 5.3 All CRF funded projects within Merthyr Tydfil have now been completed and final evaluations have been received by the Local Authority; each of which will be submitted to the UK Government.
- 5.4 In terms of the SPF financial allocation to each Local Authority, the UK Government has stated that they had made allocations to each nation to ensure a real-terms match of EU structural funding. Importantly, for Wales, UK Government adopted the following percentage allocation following on from a formal consultation exercise:
- 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% are allocated using the Welsh Index of Multiple Deprivation.
- 5.5 In relation to the SPF Programme, Rhondda Cynon Taf County Borough Council have assumed the ‘Lead Authority’ role on behalf of the Cardiff Capital Region (CCR), and have subsequently submitted the CCR Investment Plan, which was approved by the UK Government in December 2022. The Regional Programme will be managed via a Service Level Agreement (SLA) which is currently still in draft format. It is currently the Lead Authority’s intention to pay claim submissions in arrears.
- 5.6 The total cumulative value of the SPF finance across the Cardiff Capital Region, which will run between April 2022 to March 2025, is £230,432,573 (excluding Multiply). This amount is broken down per Local Authority in the table below:

<b>Local Authority:</b>	<b>SPF Allocation:</b>
Blaenau Gwent	£23,301,572
Bridgend	£19,116,296
Caerphilly	£28,272,298
Cardiff	£34,587,594
Merthyr Tydfil	£22,698,977
Monmouthshire	£5,919,533
Newport	£27,177,563
Rhondda Cynon Taf	£37,320,994
Torfaen	£20,431,241
Vale of Glamorgan	£11,606,505
<b>Total CCR Allocation:</b>	<b>£230,432,573</b>

**Table 2: Amount of SPF finance allocated to each SE Wales Local Authority**

- 5.7 The £22,698,977 allocated to Merthyr Tydfil has been financially profiled to meet the UK Government's original directive. This will mean £2.75m of our allocation being spent in 2022/23, a further £5.5m being spent in 2023/24, and the remaining £14.4m needing to be spent in 2024/25. The UK Government stated that there could not be any underspend each year. However, due to delays by the UK Government in approving the regional plan (October approval was delayed until late December 2022) we have prepared a revised local plan to RCTCBC which will request a significant amount of 2022/23 SPF & Multiply funding to be transferred into 2023/24. This will form part of a regional "Credible Plan" (re-profile) which will need to be approved by UK Government.
- 5.8 In terms of Merthyr Tydfil's £22,698,977 allocation, internal briefings and consultations have taken place with key senior officers and Members of Cabinet to discuss what the priorities of development would be eligible for support within our own Merthyr Tydfil SPF Programme.
- 5.9 Based on the existing 'Corporate Priorities', coupled with the needs of our key stakeholders; the Council report presented on the 6<sup>th</sup> of July recommended that interventions should focus on seven key priority areas. These were as follows:

**Business Support (£4.5m):**

Funding within this theme will provide support to both private sector businesses and social enterprises focussing on developing staffing resources plus complementary revenue and capital grant funding opportunities.

**Town Centre Enhancement (£3m):**

Staff resources will facilitate the development of a Town Centre Hub, public realm enhancements, a Community Wardens Project and additional grant support interventions.

**Community Schools (including integration into communities) (£3.15m):**

Staff resources will enable the development of a 'Community Focused Schools' and a Community Hub Programme situated across the County Borough.

**Employability (£5.9m):**

Supporting the transition from EU ESF funded programmes into SPF. Specifically, this funding will enable various valuable projects within Merthyr Tydfil to continue.

**Strategic Tourism & Events (£2.6m):**

A mixture of grant support and staff resources will deliver projects which include destination development, strategic event support and trail enhancement interventions.

**Decarbonisation (£1m):**

Staff resource will support enterprises alongside grant funding opportunities.

**Environment & Biodiversity (£1.09m):**

Staff resources will enable co-ordinated and enhanced biodiversity and cleansing community engagement projects.

Funding has also been aligned to programme administration and regional CCR projects.

- 5.10 The above are all subject to approval of the 'Credible Plan' which in essence is a re-profile of our finance) from UK Government which is planned to be implemented in line with the Council's financial allocation (See point 5.7) e.g. a significant proportion of support will be provided in 2024/25.
- 5.11 It was also agreed in the Council report of 6<sup>th</sup> July 2022, that we utilise our SPF administrative financial allocation to develop a 'Core Central Team' that will manage the finances, project agreements and monitoring / reporting / claim processes. Significantly, this will be undertaken both internally across Council departments and with external project deliverers. This team comprises a Programme Manager, Finance & Senior Projects Manager, Monitoring Officer and Project Officer.
- 5.12 The UK Government official 'Guidance' identifies certain criteria under which projects cannot be funded, such as "payments for works or activities which the lead local authority, project deliverer, end beneficiary, or any member of their partnership has a statutory duty to undertake, or that are fully funded by other sources". The Council's SPF Core Team are working towards putting in place an appropriate governance and financial system to ensure that the 'programme' is delivered efficiently and effectively, in keeping with the intentions of UK Government (as set out in 5.1 & 5.2 of this report). These arrangements will be finalised on receipt of formal 'Terms & Conditions' from the Lead Authority.
- 5.13 Formal 'Terms & Conditions' from the Lead Authority are yet to be clarified and agreed, however, we are hoping to receive these imminently.
- 5.14 In terms of the Levelling Up Fund, which was also referenced in July's Council report, a capital bid has been submitted to the UK Government under Round 2 of the programme. MTCBC has subsequently received correspondence dated 19<sup>th</sup> January stating that the application has been unsuccessful. Formal feedback from UK Government will be forthcoming and shared with Scrutiny in due course.
- 5.15 Merthyr Tydfil's 'Multiply' allocation was £4,738,136, however, due to concerns from all Local Authorities in Wales in relation to the pressures on the spend profile, a letter was sent to the Secretary of State for Wales from the WLGA on 28<sup>th</sup> July 2022, informing them of the intention to achieve consistency across the four regional Welsh Plans. The agreed underspend to be reflected in all four Welsh Plans will be Year 1 - 50%; Year 2 - 10%; Year 3 - 5%. This has reduced Merthyr Tydfil's Multiply allocation from £4,738,136 to £3,773,980. We are still awaiting feedback UK Government on how they will treat the Multiply funding that was reduced from our original 'Investment Plan' but it is hoped that this can be utilised to enhance the finance available for SPF.

## **6.0 WHERE WE WANT TO BE**

- 6.1 The process for identifying funding against the various themed interventions (as set out in the July 6<sup>th</sup> Council report) has enabled enhanced cross-departmental working which will be developed during the SPF Programme. Importantly, this new joint way of working will instigate a cultural change within MTCBC as an organisation. Additionally, the SPF Programme also provides the opportunity to develop new ways of working collaboratively for a more efficient use of public money.

- 6.2 We need to ensure that, in terms of supporting both the third and private sectors, that the potential financial resource available through the SPF Programme provides value for money. This will be achieved by developing and implementing a robust monitoring and reporting mechanism, which will be finalised by the 'Core Team' upon receipt of full 'Terms and Conditions' from the Lead Authority.
- 6.3 A coordinated approach to external funding will be facilitated using the Council's Community Regeneration Department, who will also work to identify other complementary funding opportunities e.g., Welsh Government, National Lottery etc. in order to provide 'added value' to priority projects across the County Borough.
- 6.4 In relation to programme continuity (post March 2025), structured plans will be developed in early 2024, where the Council will reflect on its 'Corporate Priorities' at that point in time; which will also depict what areas the Council want to focus on for the next phase of UK Government funding (post 2025). Subsequently, it is envisaged that the result of the next General Election will dictate the future of funding post Levelling Up Programme.

## **7.0 WHAT WE NEED TO DO NEXT**

- 7.1 'Terms and Conditions' for the delivery of the programme regionally need to be clarified and approved. The SPF Core Team is in regular contact with RCTCBC to ensure that relevant 'Terms and Conditions' are put in place as soon as possible.
- 7.2 Council reports will be submitted as and when appropriate, which will also detail further information for discussion and approval by Members.
- 7.3 The SPF Core Team will respond promptly to requests for information from the UK Government and Lead Authority in order to facilitate the development and approval of the "Credible Plan" re-profile.

## **8.0 CONTRIBUTION TO WELLBEING OBJECTIVES**

- 8.1 This work supports the achievement of the Best Start to Life, Environmental Wellbeing and Living Well objectives outlined in the Council's Corporate Plan (Focus on the Future: wellbeing in our community).
- 8.2 This work also contributes towards delivery of the Economic Recovery element of the RTI Plan and MTCBC's Economic Recovery Plan.

**ALYN OWEN**  
**DEPUTY CHIEF EXECUTIVE**

**COUNCILLOR GERAINT THOMAS**  
**LEADER OF THE COUNCIL**  
**CABINET MEMBER FOR HOUSING AND**  
**REGENERATION**

**BACKGROUND PAPERS**

<b>Title of Document(s)</b>	<b>Document(s) Date</b>	<b>Document Location</b>
Council Report - UK Government's Levelling Up Funding Programme in Merthyr Tydfil  Scrutiny Report - EU Replacement Funding Programmes: Levelling Up and Shared Prosperity Fund	6 <sup>th</sup> July 2022	
<b>Does the report contain any issue that may impact the Council's Constitution?</b>		No