

CYNGOR SIR POWYS COUNTY COUNCIL.

**CABINET EXECUTIVE
13th December 2022**

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Portfolio Holder for A Prosperous Powys

REPORT TITLE: UK Shared Prosperity Fund: Acceptance of funding and
implementation arrangements

REPORT FOR: Decision

1. Purpose

- 1.1** To approve the proposed governance and management arrangements for the UK Shared Prosperity Fund (“UKSPF”) in Mid Wales and Powys.

2. Background

- 2.1** Following publication of the UKSPF [prospectus](#) in April 2022, Powys and Ceredigion Councils have been working with local and regional stakeholders and both Welsh and UK Government in preparing a Mid Wales regional investment plan. The Cabinet report on 26th July 2022 set out the detail and decisions on arrangements. This report now sets out the next steps and approvals required to move forward to implementation.
- 2.2** The Mid Wales Regional Investment Plan was submitted to the UK Government by the deadline of 1st August. A decision on the outcome of the funding was expected during October but this was delayed due to political uncertainty in Westminster.
- 2.3** At the time of writing this report, no formal response from UK Government has been received. However, officers have received ongoing verbal feedback that our plan was progressing through validation and assessment.
- 2.4** The [Autumn Statement](#) was published by the UK Government on 17th November. The budget confirmed an allocation for UKSPF in financial years 23/24 and 24/25 – but no clarity on year 1 (22/23) funding. Conversations are ongoing, and we await confirmation of the situation.
- 2.5** For reference, the funding allocations in Mid Wales were as follows:

UKSPF – Core funding

| Local Authority | 22/23 | 23/24 | 24/25 | TOTAL |
|-----------------|------------|------------|-------------|-------------|
| Powys | £2,755,355 | £5,510,711 | £14,438,062 | £22,704,129 |
| Ceredigion | £1,502,162 | £3,004,324 | £7,871,328 | £12,377,814 |

UKSPF - Multiply

| Local Authority | 22/23 | 23/24 | 24/25 | TOTAL |
|-----------------|------------|------------|------------|------------|
| Powys | £1,432,785 | £1,653,213 | £1,653,213 | £4,739,211 |
| Ceredigion | £781,124 | £901,297 | £901,297 | £2,583,718 |

- 2.6 The caveat to the above is that these were allocations, and due to timescales having slipped considerably – it may be that we will not be able to achieve the full level of expenditure in year 1 and to date there has been no indication as to whether or not the unspent year 1 funding can be rolled over into year 2.
- 2.7 Neither Ceredigion or Powys Councils have been willing to spend any money at risk due to an absence of formal guidance and assessment feedback on the investment plan. However, a significant amount of work has already been undertaken with many officers investing time to develop and plan to our current position.
- 2.8 Due to timescales, we now have to agree and establish implementation arrangements for the Fund. To have any chance of spending any of the year 1 funding by the end of March 2023, we have to assume that UK Government have approved the UKSPF and our plan in the Autumn budget.
- 2.9 This report now sets out the next steps and approvals required to move forward to implementation.

3. Advice

- 3.1 **Regional Investment Plan:** A public facing version of the Regional Investment Plan has been produced (Appendix 1). The Plan will not be published until after the UK Government has approved the funding. The purpose of the document is to communicate to external organisations in order to manage expectations around the scope and scale of funding, and also to support external applicants in developing their projects.
- 3.1.1 The Plan is to be launched to the public and promoted via social media; a press release and through direct contact with stakeholders including community, business and skills partners.
- 3.1.2 The publication of the plan is dependent on what UK Government communicate post Autumn Statement.
- 3.1.3 English and Welsh versions of the Plan will be hosted on each of the Council's websites including Growing Mid Wales.

3.2 Implementation: An implementation strategy is being developed to set out the detail of how the UK Shared Prosperity Fund will operate in Mid Wales (Ceredigion and Powys).

3.2.1 It is proposed that as part of the Implementation Strategy, Annual Commissioning Plans will be developed for each of the three financial years to articulate how activity will be commissioned and delivered under each of the investment priorities and the Multiply programme. These plans will be the key tool to communicate timeframes for project calls. This approach will also allow for organisations and services to forward plan development activity. There are a number of considerations that will influence the allocation of spend across the different budget years and investment priorities, which will be further articulated in the annual Commissioning Plans.

3.2.2 The UKSPF in Mid Wales has a number of possible commissioning routes to support project delivery including in-house Local Authority delivery, open invitations/calls, procurement and strategic commissioning.

3.3 As outlined in the implementation strategy, we anticipate that the programme will be implemented as follows:

3.3.1 Year 1 (2022/23) Delays in approval of the funding means that projects funded in this financial year will need to have a strong focus on deliverability. Short lead-in times and development capacity will require Local Authorities and any associated partners to cast a realistic eye on existing/committed expenditure that can be supported retrospectively in addition to supporting any new activity.

In order to expedite the expenditure and ensure that no monies are lost to Powys, the Year 1 spend will primarily be allocated to the in-house delivery of Council projects that have either already started or are able to mobilise quickly. These projects would be approved through delegated authority to the Leader of the Council and the Cabinet Portfolio Holder for a Prosperous Powys, in consultation with Powys' S151 Officer and the Executive Director for Economy and Environment.

The intention is to also directly commission a small number of projects that are able to demonstrate spend in this financial year in order to ensure that no Year 1 monies are lost. Powys County Council in consultation with Ceredigion Council as Lead Authority, reserves the right to review these arrangements to ensure the management and mitigation of any potential underspends in Year 1.

3.3.2 Year 2 (2023/24) Will see the delivery of more significant projects. Larger calls for funding will be issued, and projects that span years 2 and 3 will be considered. As activity delivered within existing EU programmes starts to tail off during 2023 there will be a clear focus on managed transition to UKSPF with a strategic approach to provision that needs to be retained, reshaped and decommissioned, all the while bearing in mind the landscape of Welsh Government Strategic funding and delivery.

3.3.3 Year 3 (2024/25) Year 3 will see the bulk of delivery. There will no longer be any EU funding available, so year 3 will see a core UKSPF offer in terms of the investment priorities across the local economy. Year 3 will also be critical in terms of planning for the period beyond March 2025, and mapping future opportunities and needs.

3.4 Governance: Whilst Ceredigion Council will serve as the Lead Local Authority for the administration of UKSPF, decision-making on Powys projects will sit at a local level.

Proposals submitted in Years 2 and 3 will need to be taken to a local regeneration Partnership made up of public, private and third sector representatives in each LA for approval. Membership of this Partnership is being considered to ensure compliance with UKSPF requirements.

3.4.1 Overall strategic fund management and co-ordination will be undertaken at a regional level, taking due regard of existing regional governance structures. This model will ensure local decision-making to allow for proposals to support the needs of places within Mid Wales, but working within an overall strategic framework to ensure alignment and complementarity with other funding and initiatives (e.g. Growth Deal, Regional Skills Partnership and other regional or national delivery). Regional projects will be considered by the Growing Mid Wales Board.

3.4.2 Officers will review the requirements from UK Government when the Memorandum of Understanding with Ceredigion Council is finalised, and the SLA between Ceredigion and Powys is drafted – these will set out and agree the regional governance requirements. This is likely to take the form of an officer programme board, reporting for information to a regional political grouping.

3.4.3 An application form and assessment criteria is being developed in partnership with Ceredigion Council. Projects will be considered based on:

1. Strategic Fit – against UKSPF and local/regional strategies and plans
2. Deliverability – including milestones, risks, due diligence, experience
3. Efficiency and effectiveness – including outputs and outcomes, value for money, monitoring and evaluation.

3.4 Multiply: both Powys and Ceredigion Councils have expressed concerns regarding the scope and scale of the Multiply allocation to Mid Wales. These concerns are echoed by other Welsh Local Authorities and all 4 regions have shown a projected underspend over the 3 year programme of 50%, 10% and 5%.

3.5 All Welsh Local Authorities have also asked for a wider scope on Multiply, to not only consider adult numeracy, but to also factor in digital and literacy skills. This will enable the Local Authorities to develop and deliver suitable interventions to their communities. To date, no formal response or feedback has been received – and it is highly likely that there will be no expenditure on this element in Year 1 as a result.

4. Resource Implications

4.1 Officers in both Local Authorities would need to develop the detailed proposals of team structure and sizes, but the principles would be as follows:

- **Regional Team:** as small as possible, to undertake overall fund management and administration, strategic alignment and Government interface. The resourcing of the lead authority (Ceredigion Council) will be identified and agreed with Powys as to what is necessary for it to undertake the lead authority role.
- **Local Teams:** adding local delivery capacity to both Economic Development teams in Powys and Ceredigion. These teams would help convene their local partnerships, undertake stakeholder and community engagement, and support project delivery. They would work with and alongside each other, and the regional team to ensure successful fund delivery.
- **Top Slicing Amount:** officers to develop the detail relating to resource requirements and funding availability – but to ensure parity with UK Government expectations, a maximum of 4% should be set. (Each lead local authority will be able to use up to 4% of their allocation by default to undertake necessary Fund administration, such as project assessment, contracting, monitoring and evaluation and ongoing stakeholder engagement.

Powys County Council's Section 151 Officer would be required to sign off claims and to approve the process for receiving funds on a local basis.

The Head of Finance (Section 151 Officer) notes the content of the report and comments as follows: "It is important that the Section 151 Officers from Powys and Ceredigion work together to ensure that the management and administration of the UK Shared Prosperity Fund is in accordance with the requirements stipulated by the UK Government. Officers already meet regularly and are committed to do so. The Service Level Agreement will need to clearly set out the arrangements and responsibilities for each party."

5. Legal implications

5.1 Legal: the recommendations can be accepted from a legal point of view. A Service Level Agreement will be signed by both local authorities setting out the partnership arrangements. Delegated authority is sought for the Monitoring Officer and Executive Director for Economy and Environment to approve the Service Level Agreement on behalf of Powys County Council in consultation with the Leader and Portfolio Holder for a Prosperous Powys.

The Head of Legal Services and the Monitoring Officer has commented as follows: "I note the legal comment and have nothing to add to the report".

6. Data Protection

6.1 The data protection relationships between bodies, local partnerships and CJC are to be identified, and documented, to ensure Controller responsibilities and

liabilities are clarified, including obligations to Data Protection legislation and Freedom of Information/Environmental Information Regulations. Including providing relevant information for consultees.

Information will need to be shared with Ceredigion Council as Lead Authority for the purposes of the Fund Management.

7. Comment from local member(s)

7.1 A consultation group of members helped formulate the Regional Investment Plan earlier in the year and Scrutiny were also involved with this process.

7.2 Cabinet have previously discussed the plan in July and authorised delegated authority to progress the fund development to this point.

7.3 An update on the Shared Prosperity Fund was given at a meeting with Town and Community Councils on 14th July.

7.4 A presentation on the Shared Prosperity Fund and the proposed implementation was provided to Cabinet members at a workshop on 4th October 2022.

7.5 A Member Development Session is to be held – date tbc

8. Impact Assessment

8.1 The Shared Prosperity Fund has the potential to have a positive effect on all aspects covered within the Impact Assessment. The Investment Plan will seek to improve the economic, social and cultural well-being of the community and leave a lasting positive impact.

8.2 An Integrated Impact Assessment was submitted with the previous cabinet report on 26th July 2022.

9. Recommendations

9.1 To note the public version of the Mid Wales Regional Investment Plan in Appendix 1 to the report and approve its publication

9.2 To approve the proposed implementation and delivery arrangements of the Fund as set out in Section 3 of the report.

9.3 To approve for the S151 of Ceredigion Council to receive the funding from UK Government on behalf of Mid Wales, and to sign the Memorandum of Understanding with UK Government.

9.4 To give delegated authority for Powys' Monitoring Officer and Executive Director for Economy and Environment in consultation with the Leader and Portfolio Holder for a Prosperous Powys, to agree and sign the Service Level Agreement with Ceredigion Council on behalf of Powys County Council.

9.5 To give delegated authority for Powys' S151 Officer to sign off claims and to approve the process for receiving funds on a local basis on behalf of Powys County Council as will be set out in the Service Level Agreement.

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