

## CABINET

<b>Date of Meeting</b>	Tuesday, 21 <sup>st</sup> November 2022
<b>Report Subject</b>	Shared Prosperity Fund
<b>Cabinet Member</b>	Cabinet Member for Climate Change and Economy
<b>Report Author</b>	Chief Officer (Planning, Environment and Economy)
<b>Type of Report</b>	Operational

### EXECUTIVE SUMMARY

The Shared Prosperity Fund (SPF) will deliver £2.5bn of investment until March 2025 across the UK. The aim of the programme is “to build pride in place and increase life chances”. United Kingdom (UK) Government have allocated £126m to North Wales to deliver the programme between 2022/2023 and 2024/2025, with £11m allocated to Flintshire for the core programme.

Cabinet approved the criteria and process for allocating funding from the programme to projects on 22 November 2022 and gave delegated authority to the Chief Officer (Planning, Environment and Economy) and Cabinet Member for Climate Change and Economy to do so.

The report provides an update on the allocation of SPF funds to projects and what the expected outcomes of the programme are for Flintshire communities. In addition, the report sets out recommendations for how the residual SPF funding and any unallocated funding arising during the delivery of the programme should be allocated.

### RECOMMENDATIONS

1	Members are asked to note the progress made in developing the SPF programme both regionally and locally.
2	Members are asked to review and approve the recommended approach to allocating any residual SPF money and delegate authority to the Chief Officer (Planning, Environment and Economy) and the Cabinet Member for Climate Change and Economy to operate this approach and to manage changes within the projects approved.

## REPORT DETAILS

<b>1.00</b>	<b>EXPLAINING THE SHARED PROSPERITY FUND</b>
1.01	<p>The guidance for the Shared Prosperity Fund (SPF) programme was released on 13 April 2022. The programme is being managed by local government across the UK. A Regional Investment Strategy setting out the approach to delivering the programme in North Wales was submitted to UK Government on 1 August 2022 and approved in late 2022.</p>
1.02	<p>The Shared Prosperity Fund will deliver £2.5bn of investment until March 2025 across the UK. The aim of the programme is “to build pride in place and increase life chances”. The investment priorities set by UK Government are:</p> <ul style="list-style-type: none"> <li>• Community and Place - Strengthening our social fabric and fostering a sense of local pride and belonging. To build resilient and safe neighbourhoods.</li> <li>• Supporting Local Business - Creating jobs and boosting community cohesion by supporting local businesses. Promoting networking and collaboration and stimulating innovation and growth. Targeted support to help businesses grow - e.g. innovation, productivity, energy efficiency, low carbon and exporting.</li> <li>• People and Skills - Boosting core skills and support adults to progress in work. Supporting disadvantaged people to access the skills they need. Funding local skills needs and supplementing local adult skills provision. Reducing levels of economic inactivity and supporting those furthest from the labour market.</li> </ul> <p>In addition to this “core” programme, there is funding to deliver the Multiply programme which is targeted solely towards accredited training for adult numeracy. There are ongoing discussions with UK Government, Welsh Government and the Welsh Local Government Association about this latter programme as the criteria are felt to be overly restrictive and adult numeracy is a devolved area with existing Welsh Government programmes already in place.</p>
1.03	<p>Gwynedd County Council act as the regional administrative body for the SPF programme through an agreement between the six Councils which establishes programme governance, operating procedures and risk management arrangements. The regional administrative body is responsible for the operation and financing of the programme through contracts with each project sponsor and with UK Government. Each Council retains decision-making power for the allocation of the SPF funds.</p>
	<p><b><u>Project selection process</u></b></p>
1.04	<p>Cabinet approved the criteria and process for allocating funding from the programme to projects on 22 November 2022 and gave delegated authority to the Chief Officer (Planning, Environment and Economy) and Cabinet Member for Climate Change and Economy to do so.</p>

1.05	<p>In preparation for the submission of the Investment Strategy, each local authority held consultation events locally to identify priorities for the programme. In addition, regional events were held to identify skills and employment priorities. The local priorities identified by stakeholders were:</p> <ul style="list-style-type: none"> <li>• Support for town centre regeneration and street markets</li> <li>• Creating and improving green spaces and green infrastructure</li> <li>• Support for local arts, cultural, heritage and creative activities</li> <li>• Investment in capacity building and infrastructure support for local civil society and community groups</li> <li>• Contributing to tackling cost of living crisis</li> <li>• Improving digital infrastructure</li> <li>• Improving tourist facilities</li> <li>• Support for business innovation, learning and decarbonisation</li> <li>• Supporting social businesses</li> <li>• Providing support to those furthest from labour market</li> <li>• Meeting local business skills needs</li> <li>• Support for young people post-Covid</li> <li>• Tackling mental ill-health</li> </ul> <p>These priorities are consistent with the priorities of the Council Plan and the Flintshire Wellbeing Plan. Cabinet approved the use of these local priorities in selecting projects to receive support from the programme in Flintshire.</p>
1.06	<p>Each project proposal was asked to demonstrate:</p> <ul style="list-style-type: none"> <li>• its ability to meet the UK Government criteria for the programme and deliver outcomes from the programme framework;</li> <li>• fit with local needs and that it will complement and not duplicate existing local provision;</li> <li>• thorough engagement with local stakeholders and potential beneficiaries;</li> <li>• its contribution to meeting the strategic needs of the area as set out in the Council Plan, Wellbeing Plan and other relevant strategies;</li> <li>• deliverability within the short timeframe for the programme;</li> <li>• the experience and capability of the project sponsor;</li> <li>• an ability to identify and manage risks effectively;</li> <li>• value for money, match funding availability and confirmation that the project can't be funded elsewhere;</li> <li>• that UK Government subsidy control regulations can be complied with; and</li> <li>• that delivery will take account of equality duties, the Welsh language and environmental good practice.</li> </ul> <p>Due to the relatively small scale of the programme in Flintshire large capital build projects, although technically eligible, were not supported. Capital expenditure as a smaller element within a wider revenue-based project was accommodated as were projects which disburse small capital grants or works across multiple communities, groups or businesses.</p>
1.07	<p>In line with UK Government expectations, each County has established a multi-agency partnership (or panel) to advise on the selection of projects</p>

	and the management of the programme. In Flintshire, Cabinet agreed that the existing Economic Recovery Group should act in this capacity and the membership and terms of reference of the group were amended to enable it to fulfil this role.
1.08	The process used to select projects for SPF support is summarised below. In advance of the process operating, the Council hosted a series of online briefing sessions for potential project applicants to enable them to ask questions and to be kept up to date with the programme's development. These were very well-attended.
1.09	<p>Stage One</p> <ul style="list-style-type: none"> <li>• The application window opened 31<sup>st</sup> January 2023 with a closing deadline of 24<sup>th</sup> February.</li> <li>• All applications were submitted on-line using a portal hosted by the Isle of Anglesey Council and operated by the regional administrative body on behalf of all six local authorities.</li> <li>• Flintshire received 90 applications (including 3 duplicates) requesting an SPF total in the region of £30m compared to an available budget of £12.7m..</li> <li>• Initial assessment and appraisal of Stage 1 applications was undertaken by Council officers using the criteria agreed by Cabinet.</li> <li>• Where relevant, applications were shared with other FCC services and the Department for Work and Pensions (DWP) to ensure that there is no duplication with existing provision, to confirm whether any local engagement had taken place and clarify whether the project would address local needs.</li> <li>• Regional projects were circulated by the regional administrative body to regional stakeholders including the DWP, North Wales and Mersey Dee Business Council, the Regional Skills Partnership and Welsh Government for their opinion on strategic fit and potential duplication.</li> <li>• Several applications were rejected on the basis that they did not meet significant gateway criteria, for example, not meeting the minimum project value or implementing activity beyond the programme end date.</li> <li>• The Economic Recovery Group met in March 2023 to consider the project assessments and to recommend projects for refusal or further development.</li> <li>• The Chief Officer for Planning, Environment &amp; Economy and Cabinet Member for Climate Change and Economy also then met in March to consider the recommendations of the Economy Recovery Group and to agree which projects should be rejected and which ones should be invited to submit a Stage Two application</li> <li>• As a result of the process 31 projects (14 Flintshire only, 17 regional) were shortlisted requesting a total value of just under £16 million of SPF funding. Appendix 2 lists the unsuccessful projects.</li> </ul>
1.10	Stage Two

	<ul style="list-style-type: none"> <li>• All projects were given 30 days to submit their Stage Two applications following notification of success at Stage One. Projects covering more than one county needed to wait for Stage One decisions from all counties in North Wales before they could be invited into Stage Two.</li> <li>• Some regional projects were unable to proceed because too few counties supported them at Stage One for them to be operational and/or eligible. One regional project opted to become a Flintshire-only project.</li> <li>• Applicants were encouraged to reduce the value of their SPF requirements to help the limited budget stretch to more projects and many applicants proactively did this.</li> <li>• The assessment process and criteria were similar to those for Stage One. Projects were considered in more detail in three tranches. The key areas for appraisal were project impact, project risk, value for money and management / governance / exit strategy.</li> <li>• For private sector and third sector applicants a more comprehensive due diligence exercise was undertaken including a review of insurance policies, governance documents and structures. In addition, two years' accounts were appraised by the FCC Finance team to provide an indicator of risk. None of the applicant organisations were identified as being a likely risk.</li> <li>• Initial feedback was provided to applicants on technical issues, such as key information or documentation missing, inaccuracies with spreadsheet numbers, costings, targets etc and applicants were given the opportunity to respond within a few days</li> <li>• The appraisal of projects was based solely on the content of the application and the responses provided to key questions. Even where the assessment team had a thorough knowledge of the project sponsor or the project proposed, assumptions on the merits of the project or the organisation's capability were not made or taken into consideration.</li> <li>• The Economic Recovery Group met three times to consider the Stage 2 assessments, scoring and proposed budget allocation. The Chief Officer for Planning, Environment &amp; Economy and Cabinet Member for Climate Change and Economy also met three times to consider the recommendations of the Economy Recovery Group and to agree which projects should be approved.</li> <li>• As a result of the process, 23 projects (14 Flintshire only, 9 regional) were approved requesting a total value of just over £11 million of SPF funding. Appendix 2 lists the unsuccessful projects.</li> </ul>
1.11	<p>The Council submitted its approval decisions and project assurance to the regional administrative body who undertook further checks on applications. The regional administrative body has now issued SPF Grant Funding Agreements to each project sponsor and, in most cases, delivery is already underway.</p>
	<p><b><u>The SPF programme in Flintshire</u></b></p>
1.12	<p>A summary of the projects approved for operation in Flintshire is appended (Appendix 1). The project sponsors' sectors are shown below.</p>

<b>Organisation Type</b>	<b>Number of projects</b>
College/University	8
Local authority	5
Public Body	2
Private not for profit	2
Voluntary organisation	2
Social enterprise/cooperative	1
Community group	1
Charity	1
Private for profit	1
<b>TOTAL</b>	<b>23</b>

1.13 The allocation of funding against the indicative profile provided in the Regional Investment Strategy is shown below.

<b>Theme</b>	<b>Indicative profile</b>	<b>Allocated</b>	<b>Balance</b>
Communities and Place	£5,097,808	£3,243,874	£1,853,934
Supporting Local Business	£2,532,996	£2,810,331	-£277,334
People and Skills	£3,459,856	4,312,720	-£852,864
<b>Total core programme</b>	<b>£11,090,660</b>	<b>£10,366,925</b>	<b>£723,735</b>
<b>Multiply</b>	<b>£1,578,666</b>	<b>£865,122</b>	<b>£713,544</b>

The Council, in allocating any the residual SPF funding, will need to give priority where possible to activities which contribute to the Communities and Place theme as this is currently under-resourced compared to the original indicative profile.

1.14 A summary of the outputs to be delivered by the approved SPF projects in Flintshire is shown below.

<b>Number of enterprises receiving non-financial support</b>	<b>457</b>
<b>Number of enterprises receiving grants</b>	<b>151</b>
<b>Number of people supported to access basic skills courses</b>	<b>123</b>
<b>Number of people supported to participate in education</b>	<b>650</b>
<b>Number of people attending training sessions</b>	<b>1983</b>
<b>Number of people participating in Multiply funded courses</b>	<b>165</b>
<b>Number of people supported to engage in life skills</b>	<b>1535</b>
<b>Number of people supported to gain a qualification</b>	<b>898</b>
<b>Number of volunteering opportunities supported</b>	<b>825</b>
<b>Number of organisations receiving non-financial support</b>	<b>60</b>
<b>Number of organisations receiving grants</b>	<b>52</b>

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1.15	<p>Project sponsors will each be in a contractual arrangement with the regional administrative body who will process their claims for payment and will monitor their delivery in line with the project application. In addition, each Council will support those projects operating in their area to maximise their chances of success and ensure their work dovetails with wider provision. Local Councils will also monitor progress to get the earliest possible warning if projects face risks to delivery or if they cannot use their full funding allocation.</p>												
	<p><b><u>Delivering the remainder of the Shared Prosperity Fund programme</u></b></p>												
1.16	<p>There is £723,735 unallocated in the core SPF programme and a further £713,544 unallocated within Multiply. In addition, due to the very short duration of the programme there is a risk that projects will not be able to fully achieve their planned activities and expenditure before the programme closes which would leave the Council with funding to reallocate very late in the programme lifespan.</p> <p>The UK Government guidance allows the Council to allocate SPF funding through three mechanisms:</p> <ol style="list-style-type: none"> <li>1. Open call for proposals – this is now complete and there is no time to repeat the exercise. The Council is also able, through the regional administrative body, to allocate further funding to existing approved projects</li> <li>2. Direct delivery by the Council</li> <li>3. Direct commissioning by the Council</li> </ol>												
1.17	<p>The Council will need to be very responsive to changes in project performance and to decisions by UK Government about the use of funding to ensure that the unallocated funding in the SPF programme is used effectively. It is therefore proposed that delegated authority is given to the Chief Officer (Planning, Environment and Economy) and Cabinet Member for Climate Change and Economy to establish processes to proactively manage any unallocated funds in line with the UK Government guidance above and in consultation with the regional administrative body.</p>												
1.18	<p>It is anticipated that this could include:</p> <ul style="list-style-type: none"> <li>• Deallocation – the Council and the regional administrative body will closely monitor projects and will encourage project sponsors to decommit money from their projects where they do not have a clear plan to spend all of it. This will enable it to be reallocated to other activities on a timely basis.</li> </ul>												

	<ul style="list-style-type: none"> <li>• Allocate additional money – if projects are overachieving compared to their original applications and could achieve more with additional money then this could be allocated to them.</li> <li>• Managing risks – if projects are facing overspends or cost over-runs due to circumstances outside of their control then additional money could be allocated to them to enable the project to still be delivered and its outputs achieved.</li> <li>• New activities – new activities could be delivered or commissioned by the Council that contribute to the programme priorities (above). This would be subject to ratification by the Economic Recovery Group and approval by the regional administrative body.</li> </ul>
1.19	The delegated authority would also include the establishment of processes to consider and approve change requests by project sponsors, in liaison with the regional administrative body.
1.20	Reports will be brought to Cabinet and to Scrutiny Committee on a six monthly cycle to highlight the allocation and expenditure of the programme, progress towards achieving targets and any significant risks and issues arising.

<b>2.00</b>	<b>RESOURCE IMPLICATIONS</b>
2.01	Four percent of the value of the programme can be drawn down by the regional lead body for programme governance, administration and monitoring and evaluation. Funds can be allocated from this sum to each local authority to cover programme management costs so the programme should not present an additional burden to Council finances.
2.02	Match funding is not required by UK Government for the SPF programme. The Council therefore does not face any additional financial pressures from the delivery of the programme.

<b>3.00</b>	<b>IMPACT ASSESSMENT AND RISK MANAGEMENT</b>								
3.01	<p><b>Ways of Working (Sustainable Development) Principles Impact</b></p> <table border="1"> <tr> <td>Long-term</td> <td>The Council has prioritised projects that can demonstrate an impact beyond the two and a half year duration of the programme.</td> </tr> <tr> <td>Prevention</td> <td>The Council has prioritised projects that can demonstrate that they address underlying issues rather than merely tackling their symptoms.</td> </tr> <tr> <td>Integration</td> <td rowspan="3">The Council held consultation on the priorities for the programme. The Council established open calls for proposals so that a wide range of organisations could contribute to the delivery of the priorities. The Council used the existing multi-sector</td> </tr> <tr> <td>Collaboration</td> </tr> <tr> <td>Involvement</td> </tr> </table>	Long-term	The Council has prioritised projects that can demonstrate an impact beyond the two and a half year duration of the programme.	Prevention	The Council has prioritised projects that can demonstrate that they address underlying issues rather than merely tackling their symptoms.	Integration	The Council held consultation on the priorities for the programme. The Council established open calls for proposals so that a wide range of organisations could contribute to the delivery of the priorities. The Council used the existing multi-sector	Collaboration	Involvement
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	<p>Economic Recovery Group to provide oversight of the programme and link it to wider programmes and initiatives.</p> <p>The Council prioritised projects that could demonstrate that they were integrated into wider local partnerships and programmes rather than established solely for the purpose of securing funding from this programme.</p>								
<p><b>Well-being Goals Impact</b></p> <table border="1"> <tr> <td>Prosperous Wales</td> <td rowspan="7">The Council asked projects to set out how they could contribute towards the Well-being Goals.</td> </tr> <tr> <td>Resilient Wales</td> </tr> <tr> <td>Healthier Wales</td> </tr> <tr> <td>More equal Wales</td> </tr> <tr> <td>Cohesive Wales</td> </tr> <tr> <td>Vibrant Wales</td> </tr> <tr> <td>Globally responsible Wales</td> </tr> </table>		Prosperous Wales	The Council asked projects to set out how they could contribute towards the Well-being Goals.	Resilient Wales	Healthier Wales	More equal Wales	Cohesive Wales	Vibrant Wales	Globally responsible Wales
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<b>4.00</b>	<b>CONSULTATIONS REQUIRED/CARRIED OUT</b>
4.01	Consultation events were held with stakeholders in May 2022 as part of the development of the regional investment strategy. The Council met again with consultees in October 2022 to provide an update on the development of the programme and raise awareness of forthcoming funding opportunities.

<b>5.00</b>	<b>APPENDICES</b>
5.01	Appendix 1 Flintshire SPF projects Appendix 2 Projects not awarded SPF funding

<b>6.00</b>	<b>LIST OF ACCESSIBLE BACKGROUND DOCUMENTS</b>
6.01	UK Government Shared Prosperity Fund prospectus <a href="https://www.gov.uk/government/publications/uk-shared-prosperity-fund-prospectus/uk-shared-prosperity-fund-prospectus">https://www.gov.uk/government/publications/uk-shared-prosperity-fund-prospectus/uk-shared-prosperity-fund-prospectus</a>

<b>7.00</b>	<b>CONTACT OFFICER DETAILS</b>
7.01	<b>Contact Officer:</b> Niall Waller Enterprise and Regeneration Manager <b>Telephone:</b> 01352 702137 <b>E-mail:</b> <a href="mailto:niall.waller@flintshire.gov.uk">niall.waller@flintshire.gov.uk</a>

<b>8.00</b>	<b>GLOSSARY OF TERMS</b>
	<p><b>Match funding</b> – money provided by a project applicant towards the costs of delivering their project.</p> <p><b>Multiply</b> – a mandatory element of the Shared Prosperity Fund programme to tackle adult numeracy.</p> <p><b>Regional administrative body</b> – the lead local authority for North Wales (Gwynedd County Council) who will administer the programme on behalf of the region under a formal agreement between the six authorities.</p> <p><b>Regional Investment Strategy</b> – a high level strategy produced for UK Government indicating how the SPF programme will be delivered in North Wales</p> <p><b>Shared Prosperity Fund</b> – a funding programme from UK Government operating over the 2022-2025 financial years “to build pride in place and increase life chances”.</p>