

Meeting of:	Cabinet
Date of Meeting:	Thursday, 06 February 2025
Relevant Scrutiny Committee:	Environment and Regeneration
Report Title:	UK Government Shared Prosperity Fund Transition Year
Purpose of Report:	To update Cabinet on the extension of the UK Government Shared Prosperity Fund, and to delegate specified powers to named Officers in consultation with the relevant Portfolio Holder to enable the delivery of the transition year funding.
Report Owner:	Executive Leader and Cabinet Member for Performance and Resources
Responsible Officer:	Director of Place
Elected Member and Officer Consultation:	<p>Director of Learning and Skills</p> <p>Legal Services - Committee Reports</p> <p>Operational Manager - Accountancy</p> <p>Operational Manager – Regeneration</p> <p>Team Leader (Economy & Neighbourhood Regeneration)</p> <p>Finance Support Manager</p> <p>Team Leader (Community Development, External Grants and Funding)</p>
Policy Framework:	This is a matter for Executive decision by Cabinet.
<p>Executive Summary:</p> <ul style="list-style-type: none"> • The UK Shared Prosperity Fund formed (UKSPF) part of the previous UK Government’s wider commitment to level up all parts of the UK. The Vale of Glamorgan’s allocation of £14,029,222 is mix of revenue and capital funding. The overarching aim of the fund is to build pride in place and increase life chances. Beneath this sit three investment priorities: communities and place; supporting local business; and people and skills. • In Wales, the UK Government supported delivery across the four regional strategic geographies which are coterminous with strategic geographies covering City and Growth Deal areas. • In the 2024 UK Government Autumn Budget, The UKSPF was extended for a further transition year into 2025/26 at the reduced level of £900 million. 	

- The transition year extension gives Local Authorities the stability and flexibility to deliver the most important local projects and provides certainty of funding to places in advance of wider local growth funding reforms. The UK Government has retained the flexible nature of the fund that can be attuned to local need and opportunity.
- Some programmes have been streamlined, along with interventions and targets to further simplify reporting from what has gone before. The Council has been asked to review its SPF project portfolio, review alignment with local and UK priorities ahead of confirming the plan for 2025/26.
- The lead Authority for South East Wales / Cardiff Capital Region (Rhondda Cynon Taff County Borough Council), has overall accountability for the funding and how the fund operates. In this regard the Vale of Glamorgan Council is required to enter into a Service Level Agreement with the lead Authority to access the transition year funding allocation of **£4,705,592**.
- This report seeks the necessary approvals to accept this funding and continue the extended programme. A further wrap up report will be taken to Cabinet and Scrutiny to set out the projects, performance and expenditure of the current programme which is due to end in March 2025.
- Rhondda Cynon Taff County Borough Council), as lead Local Authority has proposed that all Authorities work to a submission date of 14th March to provide the lead team with detail of their delivery plans for 2025/26.

Recommendations

1. That Cabinet notes the content of this report.
2. That delegated authority be granted to the Director of Place (in consultation with the Executive Leader and Cabinet Member for Performance and Resources, the Chief Executive, Head of Finance/Section 151 Officer and Monitoring Officer/Head of Legal and Democratic Services) to approve the use of the UK Shared Prosperity Fund transition year allocation for internal and externally commissioned projects.
3. That the Director of Place (in consultation with the Head of Finance/Section 151 Officer and the Monitoring Officer/Head of Legal and Democratic Services) be authorised to negotiate terms and conditions for the appointment of third-party suppliers/providers for internal and externally commissioned projects.
4. That delegated authority be granted to the Director of Place (in consultation with the Executive Leader and Cabinet Member for Performance and Resources, Chief Executive, Head of Finance/Section 151 Officer and Monitoring Officer/Head of Legal and Democratic Services) to submit and take all necessary actions to finalise a transition year Delivery Plan with the Lead Body (Rhondda Cynon Taff County Borough Council) (RCTCBC), linked to the UK Shared Prosperity Fund funding allocation on behalf of the Vale of Glamorgan Council.
5. That in pursuance of recommendation 3, the Monitoring Officer/Head of Legal and Democratic Services (in consultation with the Head of Finance/Section 151 Officer) be authorised to prepare, complete, and execute the required legal documentation to enable third-party suppliers/providers to be appointed for internal and externally commissioned projects.
6. That delegated authority be granted to the Director of Place (in consultation with the Executive Leader and Cabinet Member for Performance and Resources, the Chief Executive, Head of Finance/Section 151 Officer and Monitoring Officer/Head of Legal and Democratic Services) to approve any changes to governance and resources structures to assess and determine applications from third parties to use the UK Shared Prosperity Fund Allocation.
7. That delegated authority be granted to the Monitoring Officer/Head of Legal and Democratic Services to prepare, complete, and execute the required legal documentation with third party grant applicants.
8. That delegated authority be granted to the Director of Place (in consultation with the Executive Leader and Cabinet Member for Performance and Resources, Chief Executive, Head of Finance/Section 151 Officer and Monitoring Officer/Head of Legal and Democratic Services) to undertake all necessary actions to agree the terms of the Service Level Agreement with the Lead Body (RCTCBC) for the UK Shared Prosperity Fund funding allocation.
9. That delegated authority be granted to the Head of Finance/Section 151 Officer (in consultation with the Executive Leader and Cabinet Member for Performance and Resources, Chief Executive, and Director of Place) to approve additions, deletions or transfers to or from the capital programme for the UK Shared Prosperity Fund 2025/2026 where required.

10. That Cabinet and the relevant Scrutiny Committees receive a further report in Q1 of 2025/26 relating to the delivery of the existing Shared Prosperity Fund Local Investment Plan 2022-2025 and to the 2025/26 Delivery Plan.

Reasons for Recommendations

1. To note the current position.
2. To obtain authority to approve the use of the UK Shared Prosperity Fund transition year allocation of £4,705,592 for internal and externally commissioned projects.
3. To obtain authority to appoint third-party suppliers/providers for internal and externally commissioned projects.
4. To enable the approval of the 2025/26 Shared Prosperity Fund Delivery Plan.
5. To obtain authority to prepare, complete and execute the required legal documentation to enable third-party suppliers/providers to be appointed for internal and externally commissioned projects.
6. To obtain authority to approve governance and resources structures to assess and determine applications from third parties to use the UK Shared Prosperity Fund Allocation.
7. To obtain authority to prepare, complete and execute the required legal documentation with third party grant applicants.
8. To obtain authority to negotiate, complete and execute the Service Level Agreement for the UK Shared Prosperity Fund funding allocation with the Lead Body (RCTCBC).
9. To obtain authority for the funding to be included within the capital programme 2025/26 and maximise the Council's ability to utilise the sum allocated in the best possible manner.
10. To ensure that Cabinet and Scrutiny are kept informed and can scrutinise the delivery of the 2022-2025 Shared Prosperity Fund Local Investment Plan and the 2025/26 Delivery Plan.

1. Background

- 1.1 The UK Shared Prosperity Fund formed part of the previous UK Government's Levelling Up agenda. It is a mix of revenue and capital funding. As part of the UK Government's Autumn Budget 2024, it was confirmed that UKSPF will continue at a reduced level during 2025/26 to allow places to continue investing in local growth in advance of wider funding reform from April 2026.
- 1.2 The overarching aim of the fund is to build pride in place and increase life chances. Underneath this aim there are three investment priorities: communities and place; supporting local business; and people and skills.
- 1.3 All Local Authorities in England, Scotland, and Wales were given responsibility for developing an Investment Plan for approval by the UK Government, and for delivery of the fund thereafter. In Wales, the UK Government supported delivery

across the four regional strategic geographies which overlap with strategic geographies covering City and Growth Deal areas.

- 1.4 The lead Authority for South East Wales / Cardiff Capital Region (Rhondda Cynon Taff County Borough Council), having overall accountability for the funding and how the fund operates.
- 1.5 The funding can be used to support investment in activities from 1st April 2025 to 31st March 2026, including continuation of existing activity where appropriate.
- 1.6 There are however some key differences for 2025/26, namely:
- 1.7 The overall budget available for the UK is £900M, a reduction of approximately 40% of the current financial year allocation.
- 1.8 Change in core capital and revenue split – the total allocation for 2025/26 contains a higher proportion of capital compared to previous years.
- 1.9 Multiply programme will not continue as a specific, ringfenced programme.
- 1.10 Allocations have been adjusted to prioritise areas with the highest levels of deprivation.

2. Key Issues for Consideration

- 2.1 Delegations exist for the existing SPF programme. This report seeks to replicate the majority of these for the purpose of delivering the transition year of funding.
- 2.2 The Vale of Glamorgan Council will be required to enter into an extension to the existing agreement with Rhondda Cynon Taff County Borough Council.
- 2.3 The existing Local Investment Plan will remain in place, but its projects and outcomes will be reviewed considering the extension year.
- 2.4 RCTCBC as lead Local Authority has proposed that all Authorities work to a submission date of 14th March to provide the lead team with detail of their delivery plans for 2025/26.

3. How do proposals evidence the Five Ways of Working and contribute to our Well-being Objectives?

- 3.1 The Local Investment Plan aligns with the five ways of working as follows:
 - a) Involvement - The local Investment Plan continues to be subject to discussions and engagement with partners as well as wider community engagement. Wide ranging engagement was a fundamental part of the local Investment Plan.
 - b) Collaboration - The local Investment Plan has and will continue to involve collaboration with other public sector bodies, investors/developers, businesses and third sector.
 - c) Integration - The delivery of the local Investment Plan has seen teams from across the Council working closely and in an integrated manner to achieve the delivery of economic and social well-being benefits in the Vale of Glamorgan.

d) Prevention - The five ways of working are mutually supportive, and in this regard reduce the risk of delivering piecemeal solutions. The local Investment Plan has and will focus on delivering projects that make a genuine difference to local areas in the Vale of Glamorgan.

e) Long Term - The UK Shared Prosperity Fund supports the previous UK Government's wider commitment to level up all parts of the UK. The Levelling Up White Paper published in February 2022 was underpinned by twelve ambitious missions over 10 years. We now know that growth funding will evolve under the new government and the Council will actively engage in opportunities to support the design of new programmes throughout the transition year.

4. Climate Change and Nature Implications

- 4.1** The SPF prospectus states that investment made under this fund should demonstrate the extent of contribution to environmental considerations such as net zero and nature recovery objectives and any specific commitments by the UK Government and the Welsh Government. To support green growth, the prospectus also states that Local Authorities should also consider how the local Investment Plan can work with the natural environment to achieve objectives and consider the impact on natural assets and nature.

5. Resources and Legal Considerations

Financial

- 5.1** The Vale of Glamorgan's allocation for the 2025/26 UKSPF transition year is £4,705,592.
- 5.2** Although match funding is not required, the Council has included match funding requirements in several of the SPF grant schemes. This has maximised the value for money and impact of the fund.
- 5.3** Where appropriate, projects and employment contracts will be extended in line with the revised timeframe of the transition funding. These costs will be met from within grant and administration fees.

Employment

- 5.4** Administration fees form part of the SPF transition funding package. The costs of staff working on the programme are met through these budgets. Where necessary, contracts will be extended in line with the timeframe of the transition funding.
- 5.5** Subject to panel approval, several internal and external projects are likely to be extended for a further year, meaning that staff will have their contracts extended in line with the timeframe of the transition funding.

Legal (Including Equalities)

- 5.6** The Council is required to enter into an extended Service Level Agreement with the lead Authority (Rhondda Cynon Taff) to access the funding allocation. The Service Level Agreement will be executed as a deed under the common seal.
- 5.7** Subject to completion of the Service Level Agreement, the local Investment Plan will be managed in accordance with the Council's Constitutional requirements with separate and specific legal advice being sought in relation to subsidy control rules, and procurement and financial implications on a case-by-case basis.
- 5.8** The Council is obliged to have regard to Subsidy Control rules each time they award financial assistance ('a subsidy'), including grants, which are required to meet the relevant legal requirements set out in the Subsidy Control Act 2022.

6. Background Papers

None.