

**SOUTH WEST WALES CORPORATE JOINT COMMITTEE**

**REPORT OF THE CHIEF EXECUTIVE**

**REPORT TITLE: UK SHARED PROSPERITY FUND**

<b>Purpose of Report</b>	<ol style="list-style-type: none"><li>1. To draw the UK Government's White Paper 'Levelling Up' and associated pre-launch guidance for the UK Shared Prosperity Fund to the attention of the members of the South West Wales Corporate Joint Committee (CJC).</li><li>2. To note the consultation and engagement being undertaken by the UK Government with partners including local authorities to develop arrangements that maximise UK Shared Prosperity Fund in each nation. UK Government would support delivery on a regional footprint in Wales – based on the four economic regions/City and Growth Deal regions.</li><li>3. To note work underway to assess the role the CJC might have in delivering the UK Shared Prosperity Fund which is a central pillar of the UK Government's Levelling Up agenda .</li></ol>
<b>Recommendations</b>	<ol style="list-style-type: none"><li>1. That members of the South West Wales Corporate Joint Committee (CJC) note the UK Government's proposals to 'Level Up' and the features of the UK Shared Prosperity Fund outlined in the pre-launch guidance.</li><li>2. That members of the CJC note that the Chief Executive will work with officers across the region and engage with the UK Government team but the current assessment is that the CJC is unlikely to be the best mechanism for drawing down the funds.</li></ol>
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## **Background and Introduction**

The UK Government published its White Paper ‘Levelling Up’<sup>1</sup> on 2<sup>nd</sup> February 2022. At the same time, the UK Government published pre-launch guidance related to the long awaited UK Shared Prosperity Fund with a full Prospectus on the Fund with details of governance, statutory and regulatory requirements is expected to be published in the Spring.

The White Paper sets out 12 UK-wide missions to frame delivery of the levelling up agenda to 2030 alongside specific policy interventions that build on the 2021 Spending Review. The aim is to end the geographical inequality that is a feature of the UK economy by:

- 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; and
- empowering local leaders and communities, especially in those places lacking local agency.

The UK Shared Prosperity Fund (SPF) will focus £2.6billion investment in restoring local pride: improving communities and place, people and skills, and supporting local business. Local leaders will be empowered to direct funding toward their own, locally identified priorities by March 2025. All areas of the UK will receive an allocation of the Fund. Local authorities are encouraged to work in their ‘delivery geographies’ to start preparing for the launch of the SPF. South West Wales / Swansea Bay is identified as one of the delivery geographies in Wales.

## **Pre-launch Guidance<sup>2</sup> – Key Points**

The primary goal of the UK Shared Prosperity Fund is to build pride in place and increase life chances across the UK. Key features include:

- Each place across the UK will receive a conditional allocation from the Fund;
- To access their allocation each place will need to prepare an Investment Plan identifying the measureable outcomes that will be delivered and the interventions that will be prioritised;
- The Investment Plan will need to take account of the wider investment landscape – for example the Levelling up Fund;
- Places will need to sign up to indicators which will be used for monitoring purposes;

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<sup>1</sup> <https://www.gov.uk/government/publications/levelling-up-the-united-kingdom>

<sup>2</sup> <https://www.gov.uk/government/publications/uk-shared-prosperity-fund-pre-launch-guidance/uk-shared-prosperity-fund-pre-launch-guidance>

- There will be flexibility for places to identify a mix of investment activity across three themes: communities and place; local business; and people and skills;
- Working with other places will be welcomed where this meets the needs of places, achieves better outcomes and value for money;
- Each area will need to invest a ring-fenced amount in the Multiply programme – an initiative to drive up standards of adult numeracy. Further details are to be provided by the Department of Education in due course;
- The Fund will establish new relationships between the UK Government, local government and partners across the UK;
- Local government will be given responsibility for managing an area's allocation;
- In Wales the UK Government would support delivery across strategic regional areas based on existing City and Growth Deal footprints;
- Local authorities for each geography will be invited to collaborate in developing Investment Plans and delivering the Fund;
- The Welsh Government will be invited to play a role in the development and delivery of local Investment Plans;
- A lead authority is envisaged for each area and that authority will be able to use part of the Fund to cover the cost of administering the Fund;
- A mix of revenue and capital funding will be made available;
- Comprehensive and balanced local partnerships will be a core component of how a Fund will be administered locally;
- MPs should be involved in the planning and development of the Investment Plans at every stage;
- A full prospectus will be issued in the Spring.

Officials from the UK Government are engaging with local authorities to seek both feedback on the detail included in the pre-launch guidance but also to help and encourage local authorities to begin preparatory work. Key messages from the early engagement suggests that each local authority needs to be clear about the local priorities that they would wish to see included in the Investment Plan. UK Government officials are advising that the Investment Plan itself will most probably need to be based on the existing regional economic footprint and the plan will incorporate local priorities but also activities where collaboration across the region has been identified as beneficial.

The UK Government is unlikely to specify the governance arrangements for the SPF at a local/regional level. Accordingly, it will be necessary for options to be assessed to determine what would be optimal. Given that the UK Government will be commissioning the Investment Plans in the spring with the expectation that they will be submitted for summer 2022, work needs to begin in earnest. Directors of Regeneration within the region will play a key role in working up local and regional proposals for consideration in collaboration with other stakeholders. Once the Prospectus is published, further advice can be provided on the preferred governance for the work.

## **Financial Impacts**

The UK Shared Prosperity Fund will replace existing EU funding programmes and is therefore critical to supporting further economic growth in the region.

The cost of administering the Fund will be able to be met from the Fund.

A decision will need to be taken on the most suitable governance arrangement for managing the Fund. At the present time, the VAT position of CJs in Wales would create a barrier to the CJC providing the governance for the Fund. However, once the VAT position is resolved, the CJC would be a viable option for governing the Fund.

## **Integrated Impact Assessment**

The CJC 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.

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'.

There is no requirement for an Integrated Impact Assessment for the governance elements of this report as the setting up of the CJC is underpinned by legislation and this report is formally drawing the Committee's attention to a White Paper and pre-launch guidance issued by the UK Government.

## **Workforce Impacts**

Work will need to be initiated prior to the publication of the Prospectus so that each local authority and the region more broadly is well positioned to submit an

Investment Plan within the timetable outlined by the UK Government. This work will be progressed through existing regional structures. There is no direct impact on the CJC at this time.

### **Legal Impacts**

The Fund will need to be administered by a constituted body.

### **Risk Management Impacts**

The main risk identified is that the CJC will not be able to provide governance of the Fund as the VAT status of CJs in Wales is unresolved. This would suggest that any collaborative bid would need to be arranged through a lead local authority rather than through the CJC mechanism.

### **Consultation**

There is no requirement for external consultation on this item.

### **Reasons for Proposed Decisions**

To ensure that members of the CJC understand the main features of the UK Government's proposals as contained in the White Paper 'Levelling Up' and the pre-launch guidance for the UK Shared Prosperity Fund. To make members of the CJC aware of the impact the current VAT status of CJs and the implications of this for governance of any collaborative funding bid.

### **Implementation of Decision**

Immediate.

### **Appendices**

None

### **Background Papers**

White Paper – Levelling Up, February 2022

Department for Levelling Up, Housing and Communities – pre-launch guidance Shared Prosperity Fund, February 2022