

GWYNEDD COUNCIL CABINET



Report to Gwynedd Council Cabinet meeting

Meeting date:	24 January 2023
Cabinet Member:	Councillor Dyfrig Siencyn Leader of the Council
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Title of Item:	UK SHARED PROSPERITY FUND: GOVERNANCE AND DELIVERY ARRANGEMENT

1. DECISION SOUGHT

- 1.1. Agree to Gwynedd Council undertaking the role of 'lead authority' for the delivery of the UK Shared Prosperity Fund in North Wales on behalf of the region's six local authorities.
- 1.2. Agree to the regional governance structures for the UK Shared Prosperity Fund in North Wales as outlined in the report.
- 1.3. Authorise the Head of Economy & Community - in consultation with the Head of Finance, Head of Legal Services and the Chief Executive - to establish an inter-authority legal agreement and funding conditions with the other North Wales authorities to protect Gwynedd Council's interests.
- 1.4. Agree to the local governance structures for the UK Shared Prosperity Fund in Gwynedd as outlined in the report.
- 1.5. Authorise the establishment of Shared Prosperity Fund: Gwynedd Panel to include the Council Leader and Deputy Leader, Finance Cabinet Member, Chief Executive, Head of Economy & Community, Head of Finance and Head of Legal Services to confirm which projects will be selected to receive monies on the basis of the criteria noted in sections 3.30 and 3.31 of the report.

2. REASON WHY DECISION REQUIRED

- 2.1. The UK Shared Prosperity Fund (UKSPF) is one of the successor funds established by the UK Government after leaving the European Union.
- 2.2. A [report was presented to the Council's Cabinet on 19 July 2022 \(Item 7\)](#) outlining the background and content of the UKSPF and the requirements to access the funds.
- 2.3. As a first step, a 'Regional Investment Plan' for North Wales was presented on 01 August 2022, outlining the priorities for utilising the fund and proposals for implementation.
- 2.4. On 05 December 2022, conformation was received from the UK Government that the North Wales Regional Investment Plan had been validated.
- 2.5. Subsequently, a Memorandum of Understanding for the period until 31 March 2025 and Grant Determination Letters for the 2022/23 financial year have been received.
- 2.6. With this, the governance and delivery arrangements for the UKSPF in Gwynedd and North Wales need to be confirmed.

3. INTRODUCTION

- 3.1. The [UK Shared Prosperity Fund's prospectus \(UKSPF\)](#) was published on 13 April 2022. The Fund will distribute £2.6 billion across the UK by March 2025.
- 3.2. All parts of the UK will receive some of the funding, which is allocated to individual areas based on a formula.
- 3.3. In England, funding will go directly to individual counties to be used or distributed to other organisations. In Wales (and Scotland), local areas are required to collaborate with others within their region (North Wales in Gwynedd's case).
- 3.4. Gwynedd's allocation for the period up to March 2025 is £24.4 million. £4.2 million of the total has been ringfenced to support adults to improve their numeracy skills.
- 3.5. The allocation for Gwynedd is part of £126.46 million that has been allocated to the North Wales counties.
- 3.6. One 'lead authority' will be accountable for the region's funding. The North Wales Chief Executives have asked Gwynedd Council - with the support of Ambition North Wales' Programme Management Office, - to undertake the role.

- 3.7. Although there is an emphasis on regional collaboration in the context of the UKSPF, the aim is to make a difference to the lives of *local* residents, and every county in North Wales agrees that:
- areas need to benefit in line with the value of their individual allocation;
 - it is for local authorities to decide on the use of their funding; and,
 - that local areas should choose whether or not they wish to participate in projects operating across counties.
- 3.8. In relation to the distribution of the funds, the UK Government's guidelines permit the following methods:
- competitive grants (the UK Government's favoured option);
 - procurement / commissioning; and,
 - direct delivery.
- 3.9. Reflecting the requirements, the North Wales authorities are agreed that competitive grants should be the default approach to distributing the funds, with discretion for local areas to choose to utilise the alternative methods should the need arise.

Gwynedd Council's functions in relation to the UKSPF

- 3.10. In light of the above, Gwynedd Council will undertake three functions in relation to the UKSPF:
- a) administration and management of the UKSPF regionally on behalf of the North Wales authorities meeting the UK Government's requirements;
 - b) administration and management of the UKSPF locally (like every other North Wales county); and,
 - c) applying for resources from the UKSPF like other organisations, and delivering projects should the Council's applications succeed.
- 3.11. The first two functions are the focus of this report. Applications by Gwynedd Council for resources from the UKSPF will be subject to the Council's normal procedures for approving grant applications.

The duties to be fulfilled locally and regionally

- 3.12. Here is a summary of the primary tasks to be fulfilled on a county and regional level in relation to the management and administration of the UKSPF in North Wales:

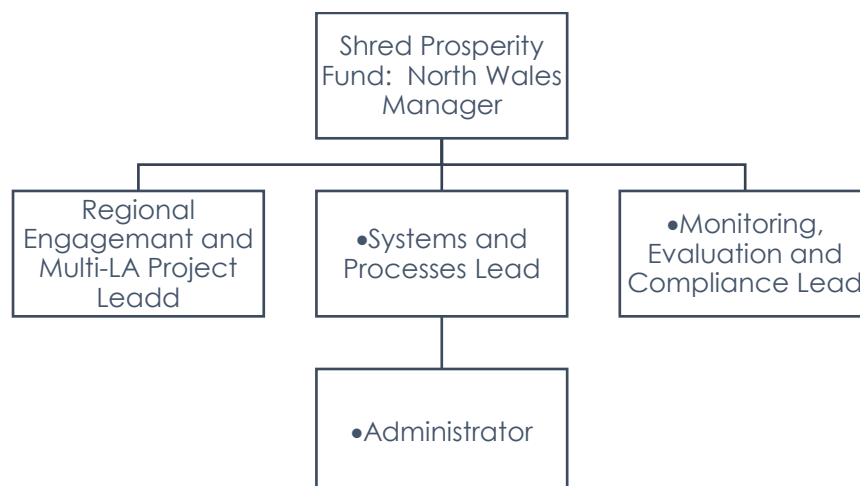
Regional (Gwynedd Council)	County (six North Wales counties including Gwynedd Council)
<ul style="list-style-type: none"> • Regional promotion of the UKSPF • Regional stakeholder engagement • Facilitating the development of regional projects • Providing advice and support to applicants and sponsors of successful projects (projects operating across more than one county) • Receipt of applications and distribution to relevant counties • Gathering stakeholder feedback on applications seeking to operate across counties • Assessing that applicants are suitable to receive UKSPF money (projects operating across more than one county) • Monitoring performance of the programme regionally • Maintaining regional governance structures • Issuing offer letters to successful applicants on behalf of counties which have approved them • Issuing, receiving and processing projects' claims • Monitoring performance of individual projects • Collating projects' monitoring data and reporting as required • Ensuring the UKSPF in North Wales is operating in line with UK Government requirements • Maintaining relationship with UK Government 	<ul style="list-style-type: none"> • Local promotion of the UKSPF • Local stakeholder engagement • Facilitating the development of local projects • Providing advice and support to applicants and sponsors of successful applications (projects operating in one county only) • Maintaining a local partnership to advise on priorities • Receiving applications (via lead authority) • Gathering stakeholder feedback on applications • Prioritising applications and selecting projects • Assessing that applicants are suitable to receive UKSPF money (projects operating in one county only) • Monitoring performance of the programme locally

Regional (Gwynedd Council)	County (six North Wales counties including Gwynedd Council)
<ul style="list-style-type: none"> • Presenting claims and reports to UK Government • Evaluating the performance of the UKSPF in North Wales 	

- 3.13. To fulfil the above duties robust governance structures will need to be established, with an appropriate agreement between the North Wales authorities and adequate financial and human resources to carry out the work.
- 3.14. A legal agreement between Gwynedd Council and the North Wales authorities is being prepared to safeguard the Council's interests. The agreement will ensure that individual counties are accountable for their decisions and the financial liabilities stemming from their decisions.
- 3.15. In parallel, the six counties have been working together to ensure appropriate governance structures - and suitable teams / budgets - are established regionally and locally to manage and monitor the programme (a proportion of the financial allocation can be used to ensure suitable resources to carry out the work).

Regional governance structures and administration resources

- 3.16. It's unavoidable that a dedicated team of officers will need to be established to ensure the tasks listed at 3.10 above are undertaken and that the interests of Gwynedd Council as lead authority - and the interests of all the North Wales authorities - are protected.
- 3.17. To this end, the following five new posts will be established temporarily - using the administration budget available from the UKSPF - to manage and administer the UKSPF in North Wales:

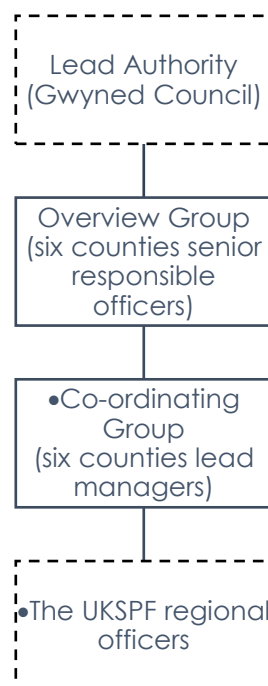


3.18. In addition to the above, specific budgets will be established to cover the following costs:

- Overheads / travel and subsistence
- Legal
- Finance
- Evaluation
- Communication and marketing

3.19. A budget will also be kept in reserve in the short term to reduce the risk of unexpected costs as the UK Government's requirements continue to evolve.

3.20. To support the officers in their work and to ensure appropriate supervision of the fund, it is intended to establish the following governance structure evolving the arrangements already in place for developing North Wales' proposals for the UKSPF:



Gwynedd governance structures and county administration resources

3.21. In the same way, it is necessary to secure appropriate provisions to enable the Council to fulfil the county role outlined in 3.10 above.

3.22. The county requirements are less than what is required regionally, reflecting this, only one full-time position is intended to be established, namely Shared Prosperity Fund: Gwynedd Manager, with one day a week of time to support monitoring, evaluation and compliance locally and a day a week of administrative resource being provided from among the Council's current staff.

- 3.23. Again, locally specific budgets will be established to meet the overheads / travel and subsistence costs; legal; finance and communications / marketing and a budget is kept in reserve in the short term to reduce the risk of unexpected costs.
- 3.24. All local costs for administering the UKSPF will be met by the fund.
- 3.25. In terms of governance and prioritisation of plans that wish to receive money from the UKSPF, the UK Government guidelines are clear that local authorities are responsible for the money and its use and are therefore responsible for deciding which applications will be approved. However, it is required that authorities receive the input of a wider range of stakeholders when prioritising applications.

Shared Prosperity Fund: Gwynedd Advisory Group

- 3.26. To this end, the Council has brought together a local partnership - the Shared Prosperity Fund: Gwynedd Advisory Group - including key local stakeholders representing the public, private and third sectors:
- Gwynedd Council
 - Eryri National Park Authority
 - Grŵp Llandrillo-Menai
 - Bangor University
 - Betsi Cadwaladr Health Authority
 - Mantell Gwynedd
 - Gwynedd Community Enterprise Network
 - Gwynedd Sustainable Tourism Partnership
 - The Federation of Small Businesses
 - Gwynedd Business Network
- 3.27. The Group has been meeting on a shadow basis since the Autumn in order to develop a broad understanding and consent to the Council's intentions in terms of administering the UKSPF in Gwynedd.
- 3.28. The recommendations of the Shared Prosperity Fund: Gwynedd Advisory Group will be submitted for the Council's consideration and to reach a final decision and it is intended to establish an internal panel specifically to carry out the task.

Shared Prosperity Fund: Gwynedd Panel

- 3.29. The membership of the 'Shared Prosperity Fund: Gwynedd Panel ' will include the Leader and Deputy Leader of the Council, Cabinet Member for Finance, Chief Executive, Head of Economy and Community, Head of Finance and Head of Legal Services.

- 3.30. The Panel will consider the recommendations of the Advisory Group considering the following criteria in relation to the individual plans:
- The eligibility of the proposal for the UKSPF and its relevance to the Fund Objectives
 - The relevance of the proposal to the county's strategic objectives and its contribution to achieving them
 - The applicant's ability to deliver and the practicality of the proposal
 - Value for money / results of the proposal
 - Additionality of the proposal to existing / proposed activity
- 3.31. The Panel will also consider the balance of the range of activity that will receive support through the UKSPF as a whole.
- 3.32. The Elected Members on the Panel will exclude themselves from discussing a scheme located within their constituency or where there is a personal interest in the application. Consideration should be given to referring such a situation to the Cabinet for a decision to ensure propriety and transparency
- 3.33. Applications which represent a high risk to the Council on the basis of an assessment assessment will be referred to the Cabinet

The application and project selection process

- 3.34. In general, the procedure for receiving and selecting applications will follow the following steps:

Step one

Applicants submit short applications within a specified period (via a web portal that is common to all counties). Applications are distributed by the regional team to relevant counties.

Step two

Local team (and regional in the case of schemes wishing to operate across several counties) to assess the short applications.

Step three

In Gwynedd, the Shared Prosperity Fund: Gwynedd Advisory Group to consider the applications and offer recommendations to the Council regarding which projects should be prioritised.

Step four

Gwynedd Council to decide which applications to support / reject in the county (Shared Prosperity Fund: Gwynedd Panel - to be confirmed by Cabinet Member Decision Notice from the Leader)

Step five

Successful applicants to submit full applications detailing further the content of the short applications.

Step six

Counties to validate the full applications and confirm decision.

Step seven

Gwynedd Council - in its role as lead authority - to release offer letters on the instruction of the counties

4. LOGIC AND JUSTIFICATION FOR RECOMMENDING THE DECISIONS

- 4.1. The content of the report and the recommended decisions are the result of detailed discussions between the counties of North Wales.
- 4.2. The approach tries to strike an appropriate balance between protecting the interests of Gwynedd Council in its role as lead authority for North Wales and allowing a practical approach to delivery to the individual counties.
- 4.3. Despite this, there are a number of issues that will need to continue to be managed throughout the lifetime of the UKSPF, including:
 - The lack of guidance and detail the UK Government has provided regarding their requirements
 - The unreasonably short period available for carrying out the programme
 - The inevitable complexity arising from the local / regional approach the UKSPF requires in Wales
 - The uncertainty that results from providing a Memorandum of Understanding for the program period but offer letters for one financial year at a time. This is particularly true in 2022/23 with only three months of the financial year remaining.

5. NEXT STEPS AND TIMESCALES

- 5.1. With the Cabinet's consent, the process for receiving applications for UKSPF funding will begin at the end of January with a specific period for to submit their short applications.
- 5.2. With an eye on the short period available to deliver the programme, the aim is to commit Gwynedd's financial allocation as soon as possible - ideally before the summer - to maximize the time available to implement projects.

6. UNRHYW YMGYNGHORIADAU A GYNHALIWYD CYN ARGYMELL Y PENDERFYNIAD

- 6.1. The proposals for the management and administration of the UKSPF in North Wales as outlined in the report are the fruit of continuous collaboration among the North counties since the summer period.

6.2. As noted in 3.27, the Shared Prosperity Fund: Gwynedd Advisory Group has been meeting in shadow form since the Autumn in order to ensure that there is a broad understanding and consent to the proposals for administering the fund in Gwynedd.

6.3. Monitoring Officer's comments:

"In accepting the role of lead authority Cyngor Gwynedd enters into the fund conditions with the UK Government. It is critical therefore that inter authority agreements allow Gwynedd to meet any requirements which fall on the Council to secure assurances and verify that the use of the funds is in accordance with the conditions. This is a system which is totally usual in such situations and reflects an appropriate arrangement for management and apportionment of risk. It is important also that the arrangements for the administration of the fund in Gwynedd is transparent and accountable. It is essential therefore that the Cabinet clearly sets out the expectations and the delegated framework including retaining a fall-back role to ensure this.

6.4. Head of Finance's comment:

"The report notes (in paragraph 3.10) that Cyngor Gwynedd will have three unique roles in dealing with the UK Shared Prosperity Fund. Each of these roles will require the establishment of sound governance and administration to protect the interests of the Council; the Council's role as a lead authority for the north Wales region in particular poses unique risks. I believe that the arrangements proposed in this report provide a solid foundation on which to be able to move forward with the next stage of the process, and to protect the interests of Cyngor Gwynedd. I will collaborate with colleagues in developing these arrangements."