



CABINET – 19TH MARCH 2025

**SUBJECT: UK GOVERNMENT SHARED PROSPERITY FUND –
CAERPHILLY LOCAL INVESTMENT PLAN**

**REPORT BY: CORPORATE DIRECTOR FOR ECONOMY AND
ENVIRONMENT**

1. PURPOSE OF REPORT

- 1.1 To seek endorsement for the Caerphilly Local Investment Plan, as outlined in Appendix 1 for submission to Rhondda Cynon Taf (RCT) for inclusion in the Cardiff Capital Region Investment Plan to the UK Government's Shared Prosperity Fund for the 2025/26 transition year.

2. SUMMARY

- 2.1 The UK Shared Prosperity Fund (UKSPF) was a central pillar of the previous UK Government's Levelling Up agenda and a significant component of its support for places across the UK. It provided £2.6 billion of funding for local investment to be spent between April 2022 and March 2025, with all areas of the UK receiving an allocation from the Fund via a funding formula.
- 2.2 The current UK Government is undertaking a comprehensive spending review that will inform the Government's future spending plans. As the review is not expected to be completed until June 2025 the UK Government announced in the Autumn budget in November 2024 that the Shared Prosperity Fund will remain in place for 2025/26 as a 'transition' programme. Details of a successor programme are not expected until after the review.
- 2.3 A 40% reduction in the budget allocated across the UK was announced and Local Authorities were informed of their 2025/26 allocation mid-December 2024 with Caerphilly County Borough set to receive £11,462,357 for the period 2025/26.
- 2.4 Under the current SPF programme a ring fenced budget was allocated for adult numeracy initiative under the 'Multiply' priority. For the transition programme this programme has been subsumed into the People and Skills

priority and no longer has a ring-fenced budget.

- 2.5 Cabinet will recall that local authorities within the Cardiff Capital Region (CCR) feed into one regional investment plan for the region and that on the 29th of June 2022 Cabinet agreed that Rhondda Cynon Taf CBC should assume the role of the 'Lead Local Authority'. In a letter to Council Leaders across Wales dated 13 December 2024, from the Parliamentary Under-Secretary of State for Local Growth and Building Safety, it was confirmed that the fund for 2025/26 will operate with the same Welsh Lead Authorities.
- 2.6 For the 2025/26 programme, a delivery plan must be prepared for the region by the Lead Authority which must be returned to the UK Government by 31 March 2025. To allow Rhondda Cynon Taf CBC to collate the regional plan Local Authorities have been asked to submit their local delivery plans by 21 March 2025.

3. RECOMMENDATIONS

3.1 That Cabinet:

- (i) Consider the detail of the UK Shared Prosperity Fund and the opportunities for the Funds to contribute significantly to the Council's own Place Shaping, Community resilience, Mobilising Team Caerphilly, Transformation and Regeneration agendas.
- (ii) Consider and endorse the Caerphilly Local Delivery Plan at Appendix 1.
- (iii) Consider and endorse the Terms of Reference for the SPF Programme Board outlined in Appendix 2.
- (iv) Agree that investment income received through the SPF programme is set aside as an initial contingency to meet potential future redundancy costs and pension strain costs that may need to be funded by the council.

4. REASONS FOR THE RECOMMENDATIONS

- 4.1 To ensure that the Council is fully prepared to maximise funding opportunities from the Shared Prosperity Fund for the benefits of its citizens and communities.
- 4.2 To ensure Cabinet are aware of the submission of the Cardiff Capital Region Delivery Plan by Rhondda Cynon Taf CBC to UK Government for the region.
- 4.3 To ensure Cabinet endorse the Caerphilly Local Investment Plan and recognise the range of interventions to be supported.
- 4.4 To ensure Cabinet acknowledge that the 2025/26 programme will be a transitional arrangement before a new successor programme commences.

- 4.5 To ensure that an initial contingent sum is set aside to meet potential future redundancy costs and pension strain costs that may need to be funded by the council.

5. THE REPORT

- 5.1 The UK Shared Prosperity Fund (UKSPF) was a central pillar of the previous UK Government's Levelling Up agenda and a significant component of its support for places across the UK. It provided £2.6 billion of funding for local investment to be spent between April 2022 and March 2025, with all areas of the UK receiving an allocation from the Fund via a funding formula.
- 5.2 The aims of the UKSPF for change are still embedded within the programme but with a refocus on achieving 5 missions:
- Mission 1: Kickstart economic growth
 - Mission 2: Make Britain a clean energy superpower
 - Mission 3: Take back our streets
 - Mission 4: Break down barriers to opportunity
 - Mission 5: Build an NHS fit for the future
- 5.3 Underneath the overarching missions there are still the three core UKSPF investment priorities: communities and place; supporting local business; and people and skills.
- The **communities and place** investment priority will enable places to invest to restore their community spaces and relationships and create the foundations for economic development at the neighbourhood-level. The intention of this is to strengthen the social fabric of communities, supporting in building pride in place.
 - The **supporting local business** investment priority will enable places to fund interventions that support local businesses to thrive, innovate and grow.
 - The **people and skills** investment priority can provide funding to help reduce the barriers some people face to employment and support them to move towards employment and education. This theme can also target funding into skills for local areas to support employment and local growth.
- 5.4 Underneath the three core UKSPF investment priorities sit the themes of Healthy, Safe and Inclusive Communities; Thriving Places; Support for Business; Employability and Skills and all the current intervention activities have been realigned into these five themes. Further sub themes have also been refocused.



- 5.5 Within the context of the Fund's aims, each place will still have the flexibility to invest across a range of activities that represent the right solutions to improve local pride in place, increase life chances, to help spread and create opportunity, and a sense of community and belonging. The balance of priorities should reflect local need and opportunity and Appendix 3 outlines an overview of the projects and their fit within the Investment Priorities.
- 5.6 The current UK Government is undertaking a comprehensive spending review that will inform the Government's future spending plans. As the review is not expected to be completed until June 2025 the UK Government announced in the Autumn budget in November 2024 that the Shared Prosperity Fund will remain in place for 2025/26 as a 'transition' programme.
- 5.7 It is anticipated that as the Spending Review concludes this summer, a longer-term funding programme for regeneration and local growth activity across the UK will emerge with a commitment from the UK Government to restore decision making on future structural funds to representatives of Wales, including Welsh and Local Government.
- 5.8 A 40% reduction in the budget allocated across the UK was announced and Local Authorities were informed of their 2025/26 allocation mid-December 2024 with Caerphilly County Borough set to receive £11,462,357 for the period 2025/26. In determining the allocation the UK Government have limited the reductions in allocations for the 20% of Local Authorities in Wales with the highest levels of deprivation, which did not include Caerphilly County Borough Council.
- 5.9 For the 2025/25 allocation, a higher level of capital funding has been provided which for Caerphilly County Borough Council's allocation is just under 28% of the total allocation with a revenue element of £9,284,882 and capital element of £3,177,475, which is assumed to be a minimum level as per the 2022/25 programme.
- 5.10 Under the current SPF programme a ring fenced budget was allocated for adult numeracy initiative under the 'Multiply' priority. For the transition programme this programme has been subsumed into the People and Skills

priority and no longer has a ring-fenced budget. However, adult numeracy projects are still welcomed under the transitional arrangement.

- 5.11 Table 1 provides the Caerphilly County Borough allocations up to March 2026. A Service Level Agreement will be issued by the Lead Authority to ensure the funds term and conditions are passed down to the Local Authority.

Table 1: 2025/26 Caerphilly CBC Shared Prosperity Fund allocation.

| Total Allocation (2025/26) | Revenue | Capital |
|-----------------------------------|----------------|----------------|
| £11,462,357 | £8,284,882 | £3,177,475 |

- 5.12 The current programme will end on March 31 2025 and any funding not spent on qualifying project activity as part of the current SPF programme will be returned to the Treasury and will not be carried forward to the Transition programme budget, as was the case with the current programme where underspends in year 1 could be carried forward to year 2 and subsequently to year 3.
- 5.13 In terms of project activity authorities are permitted to continue funding existing projects or to shift to entirely new projects or a combination of both. In consideration of this and taking into account the one-year delivery window, the CCBC SPF Programme Board has determined to protect staff employed to deliver SPF projects, it has also determined to prioritise existing activity that can continue through 2025/26 that has successfully delivered positive outputs and that fits with the Council's Corporate Plan objectives and the Mobilising Team Caerphilly work programme. The draft delivery plan for 2025-26 is outlined in Appendix 1.
- 5.14 Local authorities will still have flexibility over how they deliver the Fund and can use a mix of competitions for grant funding, procurement, commissioning or deliver activity through in-house teams.
- 5.15 Given the extremely tight timescales involved in preparing the local delivery plan it will be necessary to review the targets and outputs as each of the interventions/projects progresses over 2025/26.
- 5.16 At this stage it is not known what the future funding programme post 2025/26 will resemble but it is anticipated that Welsh Government and the Cardiff Capital Region will have a more significant role in the allocation, distribution and management of the funding programme.

There are 93 fixed-term staff working on the current programme and apart from a minor reduction in provision of the Multiply staffing requirement for 2025/26, other fixed-term contracts will be extended to 31 March 2026. However, the position beyond March 2026 is unclear and whilst any future redundancy costs can be met through the SPF for the period that staff were funded through the Fund, any redundancy costs attributable to prior years will need to be met by the council. There may also be pension strain costs that will

require funding to be identified. These costs are likely to be significant with potential redundancy costs of up to £537k, and pension strain costs yet to be confirmed.

- 5.17 The council receives a share of investment income from RCT on interest earned on SPF balances held on behalf of the region. To date the council's share of this income is circa £772k. It is proposed that this sum and future investment income receipts are set aside as an initial contingency to meet potential future redundancy costs and pension strain costs that may need to be funded by the council

Conclusion

- 5.18 The UK Shared Prosperity Fund (UKSPF) was a central pillar of the previous UK Government's Levelling Up agenda and a significant component of its support for places across the UK and the funding provides a significant but challenging opportunity for the local authority. Whist 2025/26 is a transition programme, it is anticipated that as the Spending Review concludes by June 2025, a longer-term funding programme for regeneration and local growth activity across the UK will emerge with a move away from competitive funding and an allocation based on need.

6. ASSUMPTIONS

- 6.1 This report assumes that the CCR Delivery Plan will be approved by UK Government following its submission by the Lead Authority at the end of March 2025.
- 6.2 Delivery of the programme is challenging with funding lost if not committed in accordance with the in-year allocations.
- 6.3 Staff employed on fixed term contracts to deliver SPF project activity will have their employment contracts extended to the end of March 2026.
- 6.4 The capital allocation for CCBC is a minimum level.

7. SUMMARY OF INTEGRATED IMPACT ASSESSMENT

- 7.1 All projects will seek to improve the economic, social and cultural well-being of the community and leave a lasting positive impact. Proposals developed by CCBC and partners under this programme will prevent problems occurring or getting worse. The SPF will look to develop interventions and outputs that respond to local issues. This will:
- Boost productivity, pay, jobs and living standards by growing the private sector, especially in those places where they are lagging.

- Spread opportunities and improve public services, especially in those places where they are weakest.
- Restore a sense of community, local pride and belonging, especially in those places where they have been lost.
- Empower local leaders and communities, especially in those places lacking local agency.

Link To IIA

8. FINANCIAL IMPLICATIONS

- 8.1 All places in the UK will receive an allocation from the UKSPF. Caerphilly County Borough has an allocation for 2025/26 of £11,462,357 that includes an element to cover the administration of the programme.
- 8.2 Up to 4% of the funding can be used for financing the administration of the fund. The Lead Authority has confirmed that only 0.8% of the funding allocated to Caerphilly County Borough is required for its role as the Lead Authority, leaving up to 3.2% of the fund to allocate to its administration budget.
- 8.3 The fund can support investment in interventions that start from 1 April 2025 where they fit with the intervention toolkit.
- 8.4 The lead authority for the strategic geography i.e. Rhondda Cynon Taf CBC for the Cardiff Capital Region, will have overall accountability for the funding and how the fund operates.
- 8.5 There are likely to be future liabilities that will need to be funded by the council in relation to redundancy and pension strain costs. As set out in paragraph 5.17, it is proposed that investment income receipts are set aside as an initial contingency to meet these costs.

9. PERSONNEL IMPLICATIONS

- 9.1 In Cardiff Capital Region, the overall UKSPF programme will be delivered by a Lead Local Authority (potentially RCT) and implemented, delivered, and monitored at the local level by the individual local authorities.
- 9.2 The majority of staff that have worked on the existing SPF programme on Fixed Term contracts will require their contracts to be extended until 31 March 2026.
- 9.3 This programme is significant and challenging in terms of delivery and will place additional pressure on a number of key service areas to provide the necessary staff support for the programme, in particular Regeneration and

Finance.

- 9.4 At this stage it is not known what the future funding programme post 2025/26 will resemble. It is anticipated that Welsh Government and the Cardiff Capital Region will have a more significant role in the allocation and distribution of funding. There are 93 fixed term staff working on the current programme, and apart from a small reduction in provision of the Multiply staff these staff will be at risk from beyond 2026.

10. CONSULTATIONS

- 10.1 All consultation responses are reflected in the report.

11. STATUTORY POWER

- 11.1 Local Government Acts 1972 and 2000, Local Government (Wales) Measure 2011 and the Local Government and Elections Act 2021.

Author: Paul Hudson, Business Enterprise and Renewal Manager

Consultees: Cllr Sean Morgan, Leader of Council
Cllr James Pritchard, Deputy Leader and Cabinet Member for Prosperity, Regeneration and Climate Change
Cllr Eluned Stenner, Cabinet Member for Finance and Performance
Cllr Carol Andrews, Cabinet Member for Education and Communities
Cllr Shayne Cook, Cabinet Member for Housing
Cllr Elaine Forehead, Cabinet Member for Social Care
Cllr Nigel George, Cabinet Member for Corporate Services, Property and Highways
Cllr Philippa Leonard, Cabinet Member for Planning and Public Protection
Cllr Chris Morgan, Cabinet Member for Waste, Leisure and Green Spaces
Richard (Ed) Edmunds, Chief Executive
Mark S. Williams, Corporate Director for Economy and Environment
Stephen Harris, Head of Financial Services and Section 151 Officer
Allan Dallimore, Regeneration Services Manager
Marcus Lloyd, Head of Infrastructure
Nick Taylor Williams, Head of Housing
Robert Tranter, Head of Legal Services/Monitoring Officer
Sue Richards, Head of Education Planning and Strategy and Programme Director Placeshaping
Lynne Donovan, Head of People Services
Rob Hartshorn, Head of Public Protection, Community and Leisure Services
Liz Lucas, Head of Customer and Digital Services and Programme

Director for Service Transformation

Appendix 1 Local Delivery Plan for 2025/26 SPF Programme.

Appendix 2 Terms of Reference for the SPF Board for 2025/26 SPF Programme

Appendix 3 Overview of Projects for 2025/26 Programme