

Report

Leader of the Council

Part 1

Date: 11 January 2022

Subject **Award of UK Community Renewal Fund to Newport City Council**

Purpose The purpose of this report is to advise the Leader of the Council of the Department for Levelling Up, Housing and Communities of a £2.8m award of UK Community Renewal Fund.

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Ward All Wards

Summary In March 2021, the UK Government (Department for Levelling Up, Housing and Communities) launched the UK Community Renewal Fund (UK CRF) for local authorities. The purpose of the Fund is to support local communities and economy through its 'Levelling Up' agenda focusing on investment in skills, local business, communities and place, and supporting people into employment; with emphasis also on decarbonisation and climate change initiatives:

Each local authority could submit any number of applications to the Department up to the combined value of £3 million through an open competitive process for private, public sectors including local authorities, charities, not for profit and education establishments. In May 2021, the Council launched its invitation to organisations to submit their application. Eight projects were selected for submission to the Department.

In November, the Department announced the outcome of the process and Newport was successful in obtaining funding for seven out of eight projects submitted. All organisations were contacted to inform them of the outcome of the award. For the seven projects accepted, these organisations will see £2.7m that will deliver projects to 30th June 2022.

Proposal **To accept the award of £2.8m of UK Community Renewal Fund to be distributed to the seven successful organisations to deliver their projects over the next six months.**

Action by Director of Transformation and Corporate

Timetable Immediate

This report was prepared after consultation with:

- Chief Executive
- Head of Finance (Chief Finance Officer)
- Head of Law and Regulations (Monitoring Officer)

Signed

Background

In March 2021, the UK Government (Department for Levelling Up, Housing and Communities) launched the UK Community Renewal Fund (UK CRF) for local authorities across the UK to access. The UK CRF acts as a precursor to the UK Shared Prosperity Fund that will EU Structural Funds in 2022. The purpose of the Fund is to support local communities and economy through its 'Levelling Up' agenda focusing on four themes with emphasis also on decarbonisation and climate change initiatives:

1. Investment in skills
2. Investment for local business
3. Investment in communities and place
4. Supporting people into employment

Each local authority could submit any number of applications to the Department up to the combined value of £3 million through an open competitive process for private, public sectors including local authorities, charities, not for profit and education establishments.

In May 2021, the Council launched its invitation to organisations to submit their application. Eleven applications were submitted in total and subject to a Panel Assessment by the Council and representatives from the One Newport Public Services Board. Eight projects were selected for submission to the Department. A full copy of the Cabinet Report submitted in June 2021 on the outcome of the application process can be viewed [here](#).

The Department originally set a date in August for Councils across the UK to announce the outcome of the evaluation and award of the funding. However, this announcement was delayed due to the number of applications that were received and needed to be evaluated.

Award of UKCRF to Newport City Council

On 3rd November, the Department announced the outcome of the process and Newport was successful in obtaining funding for seven out of eight projects submitted. All organisations were contacted to inform them of the outcome of the award. For the seven projects accepted, these organisations will see £2.7m that will deliver projects to 30th June 2022.

Organisation	Project	Total Project Fund (£)	UKCRF Contribution (£)	Match Funding (£)
Ffilm Cymru Wales	Foot in the Door	£913,028	£841,806	£71,222
WIDI – University of South Wales	Development of Welsh Institute of Digital Information	£862,226	£730,997	£131,229
Volunteering Matters	Newport 360	£400,540	£400,540	£0
TGP Cymru	Sgiliau	£328,879	£328,879	£0
Business in Focus	Young Enterprise Newport	£213,126	£213,126	£0
Maindee Unlimited	Greening Maindee	£173,020	£173,020	£0
Pobl Cymru	Business Support in Pillgwenlly	£59,550	£59,550	£0
Total		£2,950,369	£2,747,918	£202,451

To support the projects to deliver over the next seven months, Newport Council will receive 2% of each project (total - £55k) to assist in the monitoring and reporting of the projects but also to support the organisations to help engage with communities and promote their delivery across Newport.

Initial contact has been made to all seven organisations to notify them the award and the next steps to help them get started in delivering their projects. The Department asked local authorities to also contact each organisation to ensure that they can deliver their projects in terms of their finances, scope and delivery dates outlined by the Department. All seven organisations have confirmed that they can still deliver their projects within the timescale.

UK CRF Agreement

As a 'Lead Authority' Newport Council will be responsible for overseeing and distributing the funding to the organisations to deliver their projects. Following confirmation to the Department, as Senior Responsible Officer, the Director for Transformation and Governance received the Agreement to receive and deliver the funding to the organisations outlined in the table above.

Following review from the Council's Finance and Legal teams we have agreed to the terms and conditions outlined in the agreement and to also receive the funding to distribute to the organisations. See attached at Appendix 1.

As outlined in the agreement, Newport Council will receive 5/8th of the funding to cover 62.5% of project delivery in advance. The Council (through guidance from the Finance and Legal teams) will establish separate agreements with each organisation to pay the funding in advance (subject to completion of a monthly monitoring form).

For the last 3 months, projects may have difficulty to deliver the projects without the grant funding in advance. The Council has requested each organisation to provide a detailed cash flow forecast that will enable us to identify how much Council support needs to be provided in advance. This funding will be recovered from the final grant payment.

Newport Council will also be appointing a fixed term Programme Manager that will be responsible for the monitoring, reporting and liaising with the organisations and service areas across the Council to support the delivery of these projects. This role will also support future UK Government funding such as the Shared Prosperity Fund. The post and responsibility will be in the new Communities and Housing service area once established.

Appendix 1 – UKCRF and Newport City Council UKCRF Agreement

Financial Summary (Capital and Revenue)

- The Year 1 (21/22) grant will be the first payment that the Council will receive and distribute across all of the organisations subject to completion of the monitoring form. This amount includes Newport Council's Management Costs.
- The Year 2 (22/23) grant payment will be subject to completion of the projects and submission of final monitoring and reporting forms before the Council submits a final claim to the Department for Levelling Up, Housing and Communities. This amount is subject to change.

	Year 1 21/22 (Current) £	Year 2 22/23 £	Year 3 £	Ongoing £	Notes including budgets heads affected
UKCRF Grant	£1,751,855	£1,051,113	N/A	N/A	The Year 2 income will be subject to audit and review on the delivery of the projects.

Risks

It is important to identify and manage any project or scheme's exposure to risk and have in place controls to deal with those risks.

Risk Title / Description	Risk Impact score of Risk if it occurs* (H/M/L)	Risk Probability of risk occurring (H/M/L)	Risk Mitigation Action(s) What is the Council doing or what has it done to avoid the risk or reduce its effect?	Risk Owner Officer(s) responsible for dealing with the risk?
UK CRF Grant agreement not signed off within 10 working days	M	M	The Director of Transformation and Corporate is leading on reviewing and signing off the agreement within 10 working days collaborating with Finance and Legal teams	Director of Transformation and Governance.
Funding is not awarded and allocated to organisations to deliver their projects	M	M	Legal team is drafting legal template on back of the NCC and Department for Levelling Up.	Director of Transformation and Governance Head of Law and Regulations
Council does not support the programmes in meeting their objectives.	H	L	Key contacts across service areas to work with the organisations to deliver the projects.	CMT
Projects are not able to deliver their projects to time, scope and finance.	H	M	The Council has requested cashflow statements from each organisation to identify any cashflow pressures. Monthly statements will be required from each organisation to monitor and report progress against their projects.	Director of Environment and Sustainability Head of Finance (Chief Finance Officer)

*Taking account of proposed mitigation measures

Links to Council Policies and Priorities

One Newport Well-being Plan 2018-23
Corporate Plan 2017-22

Options Available and considered

1. Leader of the Council agrees to accept the award of £2.8m of UK Community Renewal Fund to be distributed to the seven successful organisations to deliver their projects over the next six months.
2. Leader of the Council rejects the proposal and the Council does not accept the Agreement and the award from UK Government.

Preferred Option and Why

Option one is the preferred option that will enable the Council to receive the funding to distribute across the seven projects.

Comments of Chief Financial Officer

Acceptance of this grant will have no adverse budgetary impact. The £2.8m grant award is predominantly revenue based with a small amount of capital and will be distributed to the seven organisations in a pre determined structured manner. A further administrative grant of £55k will also be received and will be used to resource a Programme Manager role which will oversee the delivery of the work programmes and monitor spend in accordance with the terms and conditions of the grant.

There are some financial risks associated with this grant in that the Council will likely need to support some or all of the organisations 'cash-flow' for the latter months of the projects and therefore needs to have monitoring in place to ensure the projects will be completed and receive the last tranche of external funding in order for the cash-flow support to be reimbursed to the Council. The legal agreements

between the Council and the obligations and conditions contained in those plus on-going monitoring are key to managing this risk.

Payments made in advance are not recommended and where unavoidable, should be limited in value.

Comments of Monitoring Officer

There are no legal issues arising from the Report as it is recommending acceptance of the award of £2.8m grant funding from the UK Community Renewal Fund, to deliver the seven approved projects set out in the report. There are no match-funding or other financial implications for the Council and there is provision within the funding to cover the cost of managing the programme, so the projects are fully-funded. However, the Council will be responsible for ensuring that the projects are delivered successfully by the relevant organisations and that the necessary outcomes and objectives are achieved. The Council will be required to enter into a legal agreement with UK CRF to secure the delivery of the projects and, therefore, it will be necessary to have back-to-back agreements with all the grant recipients to ensure that the Council is able to meet its obligations under the grant agreement. The back-to-back agreement will need to contain suitable indemnities for the Council from the relevant organisations in the event of any breach of the grant conditions or non-delivery of the projects. In the event of UK CRF seeking to claw-back any of the grant funding due to default or non-performance, then the Council will be liable to repay the funding and will then have to recover the costs from the relevant organisations. Unlike other, property-related, grant funding agreements where such liability can be secured as a charge against property assets, there will be no collateral security in these cases because of the nature of the projects. Therefore, programme management and monitoring of delivery will be critical, to ensure that the grant does not become repayable.

Comments of Head of People and Business Change

The delivery of the UK Community Renewal Fund will provide significant benefit to Newport and its communities that will not only support economic growth but provide opportunities some of the city's most vulnerable and disadvantaged communities and groups. The delivery of the projects are aligned to the Council's Corporate Plan, One Newport Wellbeing Plan and the Council's Strategic Recovery Plan. As this is a pilot programme from the UK Government the success and lessons learned from the projects will enable the Council to prepare effectively locally and regionally with other Local Authorities to deliver the future Shared Prosperity Fund.

The funding provided by the UK CRF will provide an opportunity to recruit a Programme Manager that will have the resource to oversee and support more effectively the delivery of the projects with organisations.

Comments of Non-Executive Members

Councillor M Evans:

Very happy to support these worthy projects and the big investments in the city.

Scrutiny Committees

Not applicable as the Cabinet Report is to confirm the agreement of the UK CRF award which does not require Scrutiny Committee review.

Fairness and Equality Impact Assessment:

- **Wellbeing of Future Generation (Wales) Act**
- **Equality Act 2010**
- **Socio-economic Duty**
- **Welsh Language (Wales) Measure 2011**

These areas are covered in the first Cabinet Report in June 2021 [here](#). The process undertaken by Newport Council in the application process aligned to the Council's Corporate Plan and Well-being Plan of the Public Services Board.

Consultation

Not Applicable as this is a decision whether to accept or not the agreement and funding from UK Government.

Background Papers

UK Community Renewal Fund Cabinet Report June 2021

Dated: 11 January 2022