Our Ref:
Your Ref:
Contact: Pamela Humphries
Tel:
E-mail:
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NORTH LANARKSHIRE COUNCIL
COMHAIRLE SIORRACHD LANNRAIG A TUATH

FAO Kenneth Gibson MSP
Convener
Finance and Public
Administration Committee Clerks
Room T3.60
The Scottish Parliament
Edinburgh
EH99 1SP.

Enterprise & Communities
Pamela Humphries
Chief Officer (Place)
Ground Floor Civic Centre
Windmillhill Street
Motherwell
ML1 1AB
www.northlanarkshire.gov.uk

FPA.committee@parliament.scot

Dear Mr Gibson, MSP

Scottish Government: Finance and Public Administration Committee

North Lanarkshire Council welcomes the opportunity to respond to the Finance and Public Administration Committee in relation to our experience of the UK Government funding under the Levelling Up Programmes.

Levelling Up Funding

• the approach taken in relation to identifying areas of greater need or priority in round two

There was no change to the identification of priority areas between round 1 and round 2. North Lanarkshire had been identified as a 'priority 1' place (i.e. the highest level of priority) within both rounds. This is a position North Lanarkshire Council supports. The area has significant pockets of deprivation and is continuing to deal with the legacy of areas of industrial heritage and decline. The area requires significant funding in infrastructure projects as well as investment in our people, businesses, and communities to level up North Lanarkshire with the rest of the UK and to achieve our ambition of having North Lanarkshire recognized as the place to live, learn, work, invest and visit.

Despite the prioritisation framework, the competitive nature of these funds and the UK Government's desire to ensure a balanced distribution of funding across the UK, there is no assurance that funds will be allocated to the highest priority areas. North Lanarkshire did not secure funding in round 1. We were awarded just over £9.225m in round 2.

The decision late in the appraisal process not to approve any submissions from Lead Authorities that had been successful in round 1, or to award more than 1 successful bid to a single Lead Authority meant that substantial time and resources were spent developing and assessing additional bids that were never going to be successful.

We require clarity if the same criteria will apply to any future rounds of LUF at the outset.

• how successful you have been in securing round two Levelling Up Funding and how the process for bidding for Levelling Up Funding in round two compares with round one (where relevant)

NLC was successful in round 2 of the Levelling Up Fund and secured £9.225m to support the regeneration of Cumbernauld town centre.

There was very limited time to submit bids in round 1, which impacted on the quality of submissions where there was not already a proposal that was sufficiently developed. For round 2, there was more time to develop the bids, but the process for submission was still not confirmed until late in the day. The subsequent delays in the portal being ready to accept bids shortens the time available to implement what are major capital projects.

• the extent to which any funding for successful bids in round one has been released, to what timescales (compared with any in your project bid) and how confident you remain that the project will be achieved within the agreed timescales

North Lanarkshire Council did not have a successful bid in round one so cannot comment on this aspect

• the process for project evaluation, monitoring and subsequent reporting to the UK Government

North Lanarkshire Council did not have a successful bid in round one so cannot comment on this aspect

• what you consider should happen after the 2024-25 deadline for the current Levelling Up Fund.

The delay in the announcements of awards under both rounds illustrates one of the weaknesses of using a UK wide competitive bidding process to make decisions on individual capital projects. It involves abortive time and resources in preparing multiple bids and in assessing all the submissions. Instead, it is suggested that the UK Government should be looking at a longer term, genuinely multi annual approach for supporting major capital expenditure, more closely based on the City/Growth Deal model.

Some of the key elements for such an approach would be:

- A genuinely long term, multi annual framework with a programme rather than project-based approach;
- Rationalisation of the number of individual UK Government funding streams; but
- Levels of funding, allocated directly to local authorities (either individually or collectively) according to need, that are commensurate with the objectives;
- Empowerment of local authorities either individually or in collaboration so that they can "do the right thing" by and for the communities they represent;
- A clear performance framework focussing on results set out at the beginning of the programme; and
- A partnership approach between the UK and Scottish Governments, respecting the devolution settlement and building on the City/Growth Deal model.

UK Shared Prosperity Fund

• the approach of using lead local authorities to secure funding, the appropriateness of the three key investment priorities the UKSPF will support, and the timescale over which it currently operates (2022-2025)

The approach of using local authorities to develop local Investment plans was welcomed as the plans could then reflect local priorities and address local needs. The 3 key investment themes were also welcomed allowing an opportunity to refine and extend activities that were delivering results under previously support EU funds, but also providing scope to develop and support place and community-based priorities.

It is disappointing that the UKSPF is limited to a 3-year programme, and with the approval of investment plans taking place on 5th December 2023, only really 2 years to delivery. A longer timeframe is needed to be able to develop, implement and evaluate projects effectively. While the additional flexibility of the UKSPF priorities is welcomed, these limited programme timescale prohibits long-term planning and delivery. Previous EU Funding programmes were 7 years, providing sufficient time to deliver interventions of scale. It should also be noted, the annual budget allocation prevents lead authorities from managing the fund as a programme effectively across their area.

The UKSPF prospectus was published on 13th April 2022 with an expectation that Investment Plans would be submitted by 1st August 2022. This was an almost impossible deadline to meet due to local government elections that took place in May 2022 and the fact that most councils were in recess during July (sign off by local authority political leaders being an essential aspect of the plan). The publication of additional guidance during July also hampered this process and we still await the publication of detailed reporting and evaluation requirements/guidance.

• the process of agreeing and submitting your investment plan and the extent to which any funding has been released

The timescale for developing and submitting the Investment Plan was challenging as noted above. The subsequent delays in investment plans being approved creates a further challenge in terms of delivery, with work now underway to reprofile spend that was originally intended to take place in year 1 of the SPF programme. While the allocations for year 1 have primarily been released to lead authorities, there is a question over the extent to which reprofiling will be accepted and when year 2 allocations will be released. This is in contrast to the previous funding programmes that UKSPF in intended to replace which were multi-annual and longer-term programmes. These allowed for considerable, but not unlimited, flexibility to carry forward resources from one year to the next – all within the context of a long-term framework.

• the appropriateness of and flexibility provided by the UKSPF Interventions, Objectives, Outcomes and Outputs relevant for Scotland

The range of interventions and associated outcomes/outputs provides scope for planned activities and are relevant to Scotland. The addition of bespoke interventions adds to this, although have not been used in our investment plan.

The flexibility to change outputs and outcomes at a local level with UK Government approval only sought for material change is welcomed.

• the adequacy of the administrative expenditure provisions

The provision of funds administrative support for SPF is to be welcomed. However, there was very little clarity given by the UK Government as how these costs should be reflected in the Investment Plan or how it is to be reported and managed going forward.

Multiply

• the approach to measuring progress through the Multiply success measures

The outputs and outcomes that relate to the Multiply interventions are appropriate and will allow for reporting on activity under that element of the UKSPF Programme.

As Multiply is being delivered through lead authority investment plans in Scotland, which is not the case in England, there is a need for greater clarity on the reporting and particularly evaluation requirements. It is understood that this will primarily be done through the national portal, but if different arrangements are to be taken forward in Scotland this requires to be clarified urgently.

• the flexibility of the funding given it is to supplement existing adult numeracy provision

The funding for Multiply is ringfenced for that activity and, unlike the rest of the UKSPF funding profile, it is broadly of the same level over the 3 years of the programme. To delivery on the Multiply intentions, it is inevitable that the activity will build up over the duration of the programme and the delays in investment approvals mean that meeting spend profiles are much more challenging for Multiply than other parts of the UKSPF Programme. There is a need for greater flexibility across the 3 year programme, with no, or very limited annual restrictions.

Community Renewal Fund

• the outcomes from any pilots or programmes supported by Community Renewal Funding

Implementation of the CRF projects has been challenging. The limited timeframe for development of proposals and local assessment, followed by the delays in approvals meant that the initial delivery time was substantially reduced. Once into the implementation phase, this became apparent and an extension to June 2022 and then to December 2022 provided projects with time to complete – albeit within a changing timeframe throughout. The impact has been lower outcomes than targeted in some projects.

Detailed output and outcome definitions were not provided at the outset, therefore projects were setting targets against outcomes without understanding the necessary evidence or baseline information they would be required to gather. This has resulted in some projects overestimating the impact of projects. These estimated outcomes were then written into Grant Funding Agreements.

The timing issues set out above also impacted on the ability for CRF activities to feed into the development of SPF investment plans, despite being branded as a pilot scheme.

Projects were required to procure independent evaluators to provide an evaluation report at the end of the project. At this time, these are still being reviewed to fully understand the initial impacts feeding through. Some evaluators have highlighted that due to projects being short-term and in their infancy, some outcomes are yet to be realised and may take time.

• the evaluation of any projects or programmes including any work with the What Works Centre for local economic growth.

As the CRF programme completed in December with evaluations due to be submitted between Jan and June 2023, there has not been time to take on board any lessons learned from the programme at this stage.

More generally, views on the extent to which the UK Government's policy approach provided through the Levelling Up Fund, UKSPF and Multiply complements the Scottish Government's priorities and policy approach including the national outcomes in the National Performance Framework.

Whilst NLC welcomes the UK Government investment through the Levelling Up Fund, UKSPF and Multiply the complex nature of the landscape between the UK Government and the Scottish Government for funding for regeneration and economic development activities has become very complex and more fragmented. In general the policy objectives complement each other and the national outcomes in the National Performance Framework. However, the approach to allocation and the timeframes for delivery of the various funds are not aligned. Having multiple funding streams which include a mix of allocated funds (e.g. UKSPF) and challenge funding (e.g. UKCRF and Levelling Up Fund) can make it very difficult for partners to be strategic in their approach to investment priority decisions. In particular, Challenge Fund programmes require a significant amount of resource internally and externally particularly when only a limited number of project business cases are ultimately approved. A more co-ordinated, longer term approach to allocate funding to local areas would be welcomed.

Pamela Humphries
Chief Officer (Place)