SCOTTISH PARLIAMENT FINANCE AND PUBLIC ADMINISTRATION
Levelling Up Fund, Community Renewal Fund and UK Shared Prosperity Fund

Submission by South Lanarkshire Council

Thank you for the opportunity to inform the Finance and Public Administration Committee of South Lanarkshire Council's experiences in relation to Levelling Up Funds including the UK Shared Prosperity Fund / Multiply.

Levelling Up Funds

Levelling Up Funding is welcomed to support the regeneration of deprived areas and communities focused on need as set in a national context, however, there remain issues around the Fund which are summarised as follows:-

- The uncertainties around timescales and indeed eligibility criteria in Round One and Two caused uncertainties and in efficiencies in developing projects. The competitive bid process is significantly inefficient and wasteful of scarce resources – local authorities spend considerable sums working up the detail to support bids of up to £20m with only a fraction of those submitted ultimately successful.
- In addition to the competitive process resulting in significant valuable resource and expense being expended in developing bids, late notification that authorities who had had an approval in Round One would be removed from the decision-making process in Round Two further compounded this waste of resources.
- Overall, one bid in five was approved in Scotland over the first two rounds, which demonstrates the significant resources expended in projects not funded through Rounds One and Two.
- A clear, long term multiyear plan for funding (similar in duration to former European programmes) would have immeasurably assisted the process and allowed for the development of strategic interventions that would produce the economic transformation and regeneration desired.
- Rounds One and Two had relatively short timescales for preparing complex capital project bids of up to £20m – this inevitably resulted in bids for projects that could be delivered within the tight timeframe being prioritised rather than on the basis of which projects would have greatest levelling up/ economic development benefit.
- The complexity of the bid documents and breadth of documentation required was onerous – the local authorities are well used to the business case approach and managing complex, large scale capital and revenue projects. The bid requirements should recognise this capacity and track record.
- The timescales for delivery of complex large capital projects post award remains unnecessarily challenging and mitigates against using resources to greatest strategic benefit.
- The Council has been successful in securing funding in Round Three and again this is welcomed however the delays (+ 7 months) associated with the process and decision making has hindered the pre-development of projects and ultimately a site start.

- Given the complexity of the application process concern remains regarding future governance and evaluation.

Moving forward with any future Levelling Up Funds, it is suggested that funds should be allocated on a needs basis by local authority similar to UKSPF basis rather than a competitive bidding process which would increase efficiency, targeting and productive use of valuable resources. Alternatively, consideration could be given to a two-stage process similar to the successful Regeneration Capital Grant Fund programme delivered by the Scottish Government. Improved multiyear timescales for all stages of the funding from development, appraisal and delivery would also improve the impact and result of the funds. In either scenario, the bids should allow for an appropriate project management component as councils' capacity to deliver programmes on this scale is reduced in line with cuts in core capital funding.

The Council would however advocate the consolidation of the range of individual UK Government funding programmes into one single, longer term and more impactful programme. It is suggested that dialogue between UK and Scottish Governments agree upon a set of strategic outcomes and that decision making on the targeting of resources over a 7 – 9 year programme to deliver on these outcomes be delegated to local authority level. This would support local determination and targeting of economic developments to meet local levelling up needs at a more strategic level.

UK Shared Prosperity Fund (grant determinations for revenue and capital for 2022-23 and 2023-24)

South Lanarkshire's UKSPF investment plan was submitted within the Glasgow City Region Investment Plan along with the seven other councils within the City Region. This has allowed strategic co-ordination at a region level while allowing each council autonomy and local decision making within their authority and allowed local targeting at need and priorities to be focused. The UK Government's calculation and allocation of funds at an authority level is welcomed and removes the cumbersome competitive bidding process of EU funds and allows a focus on need, delivery, and outcomes.

Whilst the timescales for preparing, submitting and agreeing the investment plans ran through year one of the proposed delivery which resulted in spend difficulties for all local authorities, the actual UK Government process was effective and efficient - it was simply the timescales for starting a new programme that were not conducive to an easy start and a quick commitment of funds. As an example, Investment Plans and year one funds were received in Quarter 3 which resulted in council's preparing plans to carry funds forward into year two. As the fund and structures are new this created challenges and uncertainties but essentially were managed efficiently.

The overall flexibility of the fund is welcome; flexibility to choose local priorities and allocate local funds to priorities is constructive. The change control flexibility is also "light touch" for small and medium changes. The one area where additional control and allocation has been exercised by the UK Government is around Multiply and that has caused councils challenges to commence activity in a previously unfunded area. The programme area would have benefited from closer alignment with literacy initiative as the core beneficiaries.

The 4% allocation for administrative expense is adequate at the current level of reporting. The programme gives local flexibility on the compliance requirements which is sensible and local authorities have robust reporting, procurement and programme delivery processes in place. If, however the compliance and reporting increased there may be a requirement for this level of allocation to be reconsidered.

At 18-months into a 36-month programme, attention requires to be focused on the future of UKSPF after March 2025. Establishing new programmes and projects has been challenging, however, now that they are established any interruption uncertainty or cessation of funding after March 2025 would be very significant to councils for budget planning but also for the programmes supporting some of the most disadvantaged within our communities. The earlier a decision on post March 2025 UKSPF funding and process can be made the more productive the existing and future delivery will be. See suggestions noted above for the development of a single coordinated, long term funding programme.

There are also a number of other funds which the UK Government identifies as contributing towards its ambitions for Levelling Up such as Multiply, the Community Ownership Fund, and the multi-sport grassroots facilities programme.

The Committee would welcome any comments from you on your experiences of using these funds for levelling up. If you are in an area that includes one of the seven towns awarded funding through the 'Long Term Plan for Towns' initiative, we would also welcome your views on this.

Given the size of South Lanarkshire as the 5th largest local authority in Scotland and the need for town centre regeneration particularly in East Kilbride and Hamilton, the Council was disappointed in the results of the process. While the metrics for the decision making can be followed, the sudden announcement of funds without public process was unexpected to both those authorities receiving the funds and those who were not included. This is a further example of where clear multiyear funding and process would allow authorities to develop projects of scale in a considered manner towards known funding targets and objectives.

East Kilbride and Hamilton Town Centres face unprecedented challenges given the changes in retail. Masterplans are currently being finalised for both towns which will see proposals for significant demolition of shopping centres and the introduction of new uses including town centre living. In particular East Kilbride town centre effectively comprised the UK's largest indoor shopping centre and has been disproportionately impacted by the collapse of the retail sector and administration of the site owners. Both of these projects will take considerable time to deliver and require significant public and private sector investment. The flexibility associated with a consolidated multiyear fund that may be determined at a local level for such projects would be welcomed.

Finally the Committee would welcome any comments on the policy coherence between the UK Government's approach to levelling up and Scottish Government's policies and priorities.

Broadly the Council finds there is coherence in priorities and objectives at UK and Scottish Government and the Council has experience of joining funding packages together to deliver local needs which can be evidenced at Biggar Youth Project where the Council is using Placed Based Funding, UKSPF and local windfarm funds on redeveloping a town centre youth building operated by a community group.

Where there are challenges is in relation to the co-ordinating of funding and spending deadlines which are different for the two Government programmes. There are also differences on some conditions such as the Fair Work First which is part of the Scottish Government funding conditions but not the UK Government conditions.

We would encourage dialogue between the two Governments to agree a set of strategic outcomes for levelling up/ regeneration/ economic development and the delegation of decision making (reflecting the principle of subsidiarity) to local authority level to ensure investment is targeted to meet local needs.