The Scottish Parliament Finance and Public Administration Committee

Submission from East Lothian Council in relation to Levelling-Up Funds etc.

Thank you for the opportunity to inform the Finance and Public Administration Committee on East Lothian Council's experiences of funding under the Levelling Up Fund, Community Renewal Fund, and UK Shared Prosperity Fund / Multiply.

A number of the comments below focus on challenges around timescales, potentially missed opportunities for collaboration, and funding distribution. Taking those aside, the Levelling-Up agenda and accompanying funding is to be welcomed and Scottish local authorities are well placed to deliver this locally for their communities. In Scotland there is also a well-developed agenda of regional collaboration and going forward we would call on both the Scottish and UK Governments to commit to continue to work in a tripartite partnership with the Edinburg and South East Scotland authorities to support the delivery of our Regional Prosperity Framework.

We would also like to take this opportunity to acknowledge the invaluable support provided to us by the Cities and Local Growth Unit in Edinburgh throughout the process of developing out LUF bid and UKSPF investment plan.

Regarding your specific questions, the Council's responses would be as follows:

Levelling Up Fund

1. The approach taken in relation to identifying areas of greater need or priority in round two.

In terms of identifying areas of greater need or priority in round 2, whilst there were changes in some local authorities ranking from 1 (most need) to 3 (least need), overall the system was broadly the same in categorising areas into three levels of need. East Lothian was ranked in level 2 but this ranking ignored the fact that certain parts of East Lothian have high levels of deprivation, which is what the Levelling-Up Fund is designed to tackle. When an authority wide ranking is used, especially over larger geographic areas, it can result in areas of high need being hidden under an average rating. The system could be changed so that each bid is judged on its own merits and geographies rather than a weighted local authority ranking impacting its overall assessment before the bid is considered, i.e. there could be cases whereby a bid is focused on a geographical areas in a rank 1 authority that could be less in need/deprivation than a bid covering a geographical area in a rank 3 authority. We recognise of course that administering a nationwide system for prioritising investment need is a highly complex task.

2. 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.

East Lothian Council was successful in its singular bid for site preparation and remediation works at the former Cockenzie Power Station Site. The Council area is only covered by one Westminster Constituency and we did not submit a second transport only bid in round 2 as allowed.

3. 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.

East Lothian Council did not submit a bid for round 1 as it did not have an 'of the shelf project' available to submit as advised.

4. The process for project evaluation, monitoring and subsequent reporting to the UK Government.

As the Council did not submit a bid to round 1, we do not have any experiences in project evaluation and monitoring at this stage.

5. What you consider should happen after the 2024-25 deadline for the current Levelling-Up Fund?

In terms of the future of Levelling-Up Fund post 2025, the Council believes it should be extended but needs significant revision. Firstly the current competitive bidding process is the wrong model and leads to significant wasted resource by authorities if the bid is not successful. Producing economically modelled and green book compatible business cases for projects that may not be successful in the short bidding window is time and staffing intensive and often involves appointing outside consultants to prepare parts of the submission. A proportional funding model (like SPF) would also not be suitable as that would mean that smaller population authorities could not receive sums of money suitable for larger projects. Instead a model similar to the City Deal would be more suitable whereby projects don't require to have a complete business case by a specific window but can have an initial policy and strategic case approved with funding in principle and then funding released at a later date when a more detailed economic, financial and delivery based business case can be worked up. Projects would be supported through regional economic and planning strategies. Projects could also be submitted for approval through the City Deal partnerships and mechanisms where there are established governance and democratic processes in place and where there is local knowledge and accountability rather than funding decisions based elsewhere. The overall level of funding also needs to be significantly increased especially when you consider that just over 20% of bids to round 2 were successful. The Levelling-Up White Paper was a very ambitious document, as it needed to be, but the level of funding linked to it is small in comparison to the scale of need set out.

UK SPF

1. 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 delivering the funding via local authorities is a sound one and to be welcomed. This has allowed Scottish LAs to target areas of greatest need based on sound local knowledge, plans, and priorities. Likewise the investment priorities within the UK SPF guidance and reporting structure have proved to be relevant and flexible from an East Lothian point of view, officers have had no issues matching these to local outcomes.

That said, the timescale for absorbing guidance and developing investment plans was extremely challenging, and all but precluded the ability of individual authorities to collaborate in meaningful ways when it came to the development of year 1 investment plans.

Notwithstanding the amount of time it has taken to establish during year 1, the 3 year term of the scheme is to be welcomed. Non-guaranteed annual funding severely restricts the ability of local authorities to deliver meaningful change within their communities. Multi-year settlements that secure funds are imperative to delivering effective local government interventions. Given the amount of time it could be expected that a scheme of this kind would take to set up a period of 5 years would have been more suitable and we strongly suggest that the Levelling-Up commitment to 2030 be supported by a continuation of UK SPF over a guaranteed 5 year period (2025-2030).

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

As noted above, the timescale for absorbing guidance and developing investment plans was extremely challenging, and all but precluded the ability of individual authorities to collaborate in meaningful ways when it came to the development of year 1 investment plans. This has delayed the release of funds to local authorities and has resulted in revisions to evaluation and reporting schedules, which is welcome.

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

These are both appropriate and flexible, although it has taken some time for guidance around this to be provided and clarified by the Department of Levelling Up, Housing and Communities.

4. The adequacy of the administrative expenditure provisions.

These appear adequate.

Multiply

1. The approach to measuring progress through the Multiply success measures.

Given the quite ambitious aims of the success measures, it is unlikely that much useful performance data can be achieved / collected in the 2 years available for interventions (noting the comments elsewhere about the length of time take to issue guidance and develop investment plans during year 1) – especially with reference to measures 2 and 3. Realistically a 5 year period would be required to see measurable sustained results.

2. The flexibility of the funding given it is to supplement existing adult numeracy provision.

Multiply guidance states that it is expected local areas will demonstrate how funded activity is complementary and different to existing interventions. This combined with the very short timescale to develop programmes has left this strand of UKSPF the least well developed in East Lothian. It is unlikely that any significant activity will take place during year 1. The requirement to only fund new activity is restrictive and could have usefully included the ability to increase capacity or period of existing interventions which are already successful. We note though that innovation should always be encouraged and incentivised.

Community Renewal Fund

1. The outcomes from any pilots or programmes supported by Community Renewal Funding.

One organisation operating in East Lothian was successful in securing funding via the CRF. The original announcement of funds for the CRF was significantly delayed and further delays to roll-out due to CIVID-19 has pushed final evaluation of projects to June 2023. The original concept of the CRF was to pilot projects for SPF, the delay in the announcement of funds meant that the East Lothian project was only at its launch stage by the time the UKSPF guidance was received and was not complete by the time the investment plan was submitted. UKSPF funds have however been used to extend the pilot period to better understand the potential impact.

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

As above, project evaluation is ongoing and will complete during spring 2023.

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