

**SCOTTISH PARLIAMENT FINANCE AND PUBLIC ADMINISTRATION
COMMITTEE**

**REPLACEMENT FOR EU STRUCTURAL FUNDS IN SCOTLAND (JANUARY 2023
UPDATE)**

Submission by Glasgow City Council

INTRODUCTION

Glasgow City Council welcomes the opportunity to provide updated information to the Committee on its experience with the various UK Government Levelling Up funding streams.

LEVELLING UP FUND

Many of the points that the Council made in its previous (November 2021) submission to the committee on the UK Levelling Up Fund remain valid. In round 1 of the fund, the lengthy period between the deadline for bids to be submitted (June 2021) and awards being announced (November 2021), together with the expectation that projects would mobilise resources, complete procurements, finalise contracts and ensure site start before the end of March 2022 placed significant pressures on Local Authorities.

Recognising these constraints, in round 1 the council put forward only one bid (Pollok Stables) which was successful. Over the course of 2022 the project monitoring and reporting template was reviewed and amended by the UK Government LUF Team on several occasions. Despite these changes, the Pollok Stables Project Team has complied with all the LUF reporting requirements by continually submitting quarterly updates on time. Council Officers have facilitated two visits with MPs to date which have been successful and also facilitated a site visit with the Scotland Office LUF Team. Overall the Scotland Office LUF Team has been responsive and communication has been positive. The reporting and communication arrangements seem to have settled now. However, there may be some more changes to processes in time which would be of benefit to the project team, for example, the project team has queried the requirement for all Project Adjustment Requests (PARs) to be signed off by local MPs before being submitted to the LUF Team for final approval.

For round 2, the council submitted 7 applications by the deadline of 6th July 2022. This approach - to cover all constituencies and categories - was taken given the format and timing of round 3, was then and still is, not confirmed. As announced on 19th January 2023, no authority that had been successful in round one was successful in round 2. The council is very concerned that this situation was a consequence of an explicit UK Government decision, taken at a late stage in the

process, not to approve any bids submitted by a local authority that had been successful in round 1. This gives rise to doubts that the bids selected were not necessarily the best submitted in terms of quality. The decision also discriminates against larger local authorities, such as Glasgow, with multiple UK Parliamentary constituencies within their boundaries. In addition the decision meant that significant resources were wasted not just in the LAs affected (8 in Scotland) but in the UK Government in assessing what proved ex post to be abortive bids.

The council notes the intention of the UK Government to run a third round of Levelling Up Fund applications, using the approximate £1bn left after the first 2 rounds. The Council has reservations about the practicality of this approach unless there is greater flexibility to extend the period for project activity beyond March 2025. Shoehorning expenditure on major capital projects into such a restricted timeframe is not practical— a situation that the delay in announcing round 2 awards only exacerbated. Delivering the expenditure within the time allowed will be very challenging even for the projects approved in round 1.

Another concern that the council has identified relates to the impact on the delivery of approved UK Levelling Up Fund projects within budgets due to the significant inflationary pressures experienced in the UK economy over the past year.

UK SHARED PROSPERITY FUND

The Council welcomes the fact that allocations for UKSPF were made by formula rather than through a UK wide competitive bidding process. This gave a degree of certainty to the Council in terms of developing projects which aligned with the Glasgow Economic Strategy and supported our identified local priorities.

As the committee will be aware, 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 the Council was in recess in July (sign off by local authority political leaders being an essential aspect of the plan). In addition, Glasgow City Council was part of the single Glasgow City Region Investment Plan which required an additional layer of “sign off” from the City Region Cabinet before submission. The Council’s experience of working with the other Glasgow City Region authorities was however overwhelmingly positive. One of the benefits of this combined approach was in securing an extension to the deadline to the end of August 2022. Nevertheless the process of preparing the Investment Plan, including the required stakeholder engagement, was a “dash to design” which was hampered by some of the UKSPF guidance not being published until 19th July - with some material, for example in relation to evaluation, still awaited.

The UK Government announced the approval of UKSPF Investment Plans on 5th December 2022 with the transfer of the first tranche of grant taking place at the end

of the year. While these are positive developments, it effectively means that there will be a “dash to deliver” over, what is effectively only 2 years.

In terms of the scope of the 3 investment themes set out in the prospectus these created few substantial issues regarding fit with council priorities. Of much greater concern was the requirement to spend “in year” and this to be reflected unrealistically in the Plan’s expenditure profile. In contrast EU Structural Fund programmes, which UKSPF is intended to replace, were genuinely multi annual with considerable but not unlimited flexibility to carry forward resources from one year to the next – all within the context of a long-term framework.

On the issue of the provisions of administrative expenditure, there was no clarity given by the UK Government as how these should be reflected in the Investment Plan. In the Glasgow City Region a last minute change in the financial tables was required to meet UK Government expectations in this regard.

MULTIPLY

The council welcomed the flexibility given in the UKSPF prospectus to allocate, following stakeholder engagement, its UKSPF budget across the 3 investment themes as it saw fit. In contrast, the allocation for Multiply which accounted for over 17% of total UKSPF resources, was ring fenced. Notwithstanding the importance of improving adult numeracy levels, it is doubtful whether such a significant allocation would have been agreed if the council had discretion on this matter. There was a lack of a clear evidence base from the UK Government to justify this allocation which was not locally differentiated – all areas in Scotland being allocated a uniform 17% of their UKSPF budget to Multiply.

The Council considers that the “menu” of Multiply interventions is sufficient to meet the aspirations of the initiative. However, the issue that impacts particularly on Multiply relates to its financial profile across the 3 financial years. Unlike the “core” UKSPF, allocations under Multiply follow an even pattern. It is simply not realistic to expect the council to spend one third of its Multiply allocation by March 2023 from a standing start. While it may be possible to roll forward “underspend” into 2023/24 this will inevitably entail an avoidable bureaucratic process if a more realistic assessment of the likely spending profile had been undertaken at the outset.

UK COMMUNITY RENEWAL FUND

The Council was successful in 2 of the 6 bids it put forward under the UK Community Renewal Fund (see below)

APPLICANT	PROJECT TITLE	AWARD
REMADE Network	Building a Repair Economy in Glasgow	£550,000
SWG 3	GRID: Creating a Cultural Place and a Net Zero Innovation District	£480,000

Both these projects were completed in late 2022 and the final claims submitted to the UK Government at the end of January 2023, together with the required project evaluations.

Monitoring these projects proved to be a resource intensive process both for the applicants and the council.

Some learning was gained by the Council from this experience in designing process to be adopted in administering the Communities and Place Investment Theme within the UKSPF. The scope for any significant policy learning was severely limited by the fact that the projects were still being implemented while the UKSPF Investment Plans were being prepared.

The Council has had no contact with the What Works Centre for local economic growth on these projects or any feedback on why the other 4 projects put forward were unsuccessful.

UK GOVERNMENT LEVELLING UP FUNDING AFTER 2025

At the time of its publication in February 2022, many commentators observed that there was very little “new” money associated with the Levelling Up White Paper. A key concern is obviously that any rationalisation in the number of funding streams will result in less money overall being available. The Council accepts however that adequate resource is only one prerequisite for success. In order to have a realistic chance of achieving the objectives set out in this publication, the following elements are necessary:

- 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 cities/local authorities according to need, that are commensurate with the objectives;
- A partnership approach between the UK and Scottish Governments, respecting the devolution settlement and building on the City Deal model;
- A clear performance framework focussing on results; and
- Empowerment of local authorities either individually or in collaboration so that they can “do the right thing” by and for the communities they represent.

ML
GCC
February 2023