

**Delayed Office Opening
for Employee Training**

*This office will be closed from
8.45 am - 11.00 am on the first
Thursday of each month.*



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Our ref DL/SS

Your ref

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Dear Committee Members

Scottish Parliament Finance and Public Administration Committee - Call for Evidence

Thank you for providing an opportunity to comment on Perth & Kinross Council's experience of the UK Government's Levelling Up Fund (LUF). As Committee members will be aware, the Perth and Kinross area is one of the parts of Scotland not to have received funding in any of the 3 LUF rounds. It is also the only Council area containing a city to have been unsuccessful. I will focus my comments on three aspects of the fund: methodology; feedback; and transparency.

Methodology

It is the opinion of Council officers that the prioritisation methodology used by the UK Government was not sufficiently robust in both design and implementation. The first call for applications made a great play of resources being targeted at Priority 1 areas (Perth and Kinross was designated as Priority 3) as being most in need of "levelling up". In a feedback session with unsuccessful Round 1 applicants, local authority officers argued that the methodology could be viewed as prejudicial to areas containing both urban communities and large rural hinterlands because the selected datasets averaged out pockets of deep deprivation and areas of relative affluence.

For example, according to the Scottish Index of Multiple Deprivation, 2 data zones in Perth are amongst the worst 10% in Scotland, and 10 data zones are in the 20% of most deprived areas. This does not appear to have been factored into the UK Government's prioritisation, nor the area's worsening child poverty statistics. The Index of Multiple Deprivation also masks poverty, particularly in rural areas where residents spend disproportionate amounts of their income on housing, heating, and travel.

Although the average unemployment rate is relatively low and stable within Perth and Kinross at 2.2% (2065 people) in November 2023, compared to a Scottish average of 3%, this figure masks historic, local and season variations. For example,

Communities

Executive Director (Communities) Barbara Renton

unemployment in Perth rose to 5% during the pandemic and was significantly higher in some wards. The area also had the second highest number of furloughed workers in Scotland. This reflects the structure of the economy which is over reliant on hospitality and tourism employment and the Council's economic objective is to diversify the economy over time by investing in higher value, higher skilled jobs in energy and clean growth technologies. and clean growth. Workplace earnings levels also remain stubbornly below Scottish levels and the gap appears to be widening. In 2022 workplace weekly earnings were 96.6% of the Scottish average, dropping to 95.6% of the Scottish average in 2023. Workers in Perth and Kinross now take home on average £30 per week less than the Scottish average, impacting on already high levels of child poverty. Again, none of this appeared to have been captured in the Levelling Up methodology which could have been improved through engagement with local authorities in its design.

Feedback

The feedback received from the first two bids submitted by the Council was very positive, and on the face of it didn't quite reconcile with the outcome, other than accepting it was a competitive bid process and other projects were, presumably stronger. When pushed on the scoring criteria, feedback tended to be quite circumspect, recognising that decisions were made by Ministers. A significant amount of council officer time was required to prepare LUF bids to, effectively, Treasury outline business case standard. Although some funding was awarded to each local authority the real cost greatly exceeded this support. In that respect the LUF process drove an inefficient use of staff time and Council budgets.

Transparency

Right up until the surprise announcement by the Secretary of State, Perth & Kinross Council officers were working on submitting a revised bid for the Perth Eco Innovation Park based on the positive feedback from Round 2. It was, to say the least, disappointing to hear that the remaining LUF budget was to be allocated to "high scoring" unfunded bids from Round 2. It was equally disappointing to hear that one area benefitted from a second tranche of funding, again without transparency of rationale. Across the three funding rounds, 4 of the 7 areas deemed to be Priority 3 received funding.

Overall, based on the Council's experience of the Levelling Up Fund process, it is debatable whether the Council would consider investing its staff and budget resource to bid for any future competitive funding streams. We would urge both Governments to recognise the weaknesses and inherent unfairness in using this approach.

I trust this information will be of use to the Committee.

Yours sincerely

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