

Finance and Public Administration Committee

Replacing EU Structural Funds in Scotland

Written Submission from Argyll and Bute Council

1. The approach taken to identifying areas of greater need or priority.

As different indicators are used for identifying areas of greater need or priority for the Levelling Up Fund (LUF) and Community Renewal Fund (CRF), it is difficult to interpret what both are targeting at to make a levelling up difference.

There is also an element of confusion as what is an area of priority. Although the indicators are available, they appear complex and somewhat opaque. In terms of measuring success, a baseline doesn't seem readily available and how success will be measured against baseline information.

There is a need to be mindful of regions which have low population density areas such as Argyll and Bute, and lack a critical mass to demonstrate need compared with more densely populated areas. The need for levelling up support in these areas is also critical.

2. The process of bidding for funding including the types of projects you sought funding for.

Argyll and Bute Council to date, has bid for the CRF funds. A bid for LUF will be pursued in future rounds.

The majority of the projects submitted were feasibility studies, with a view to doing preparatory work for the LUF bid. Submissions were made under all of the four Investment Priorities as follows:

- 6 Community
- 1 Business
- 1 Skills
- 1 Skills + employment
- 2 Skills + business + community.

The timescale was very short, but with dedicated officer support submission of the bid was achieved. However, this was extremely resource intensive both for projects submitting bids, and for officers in the local authority co-ordinating the bid.

Developing a robust bid for funding is generally a complex and time-consuming exercise for projects. Going forward it would be crucial that for good projects to be submitted that there is time for project development. A longer lead-in time, or a programme of rolling deadlines, would work better going forward.

What hasn't worked well is the delay in announcing the results of the bidding process; announced on 3rd November 2021 when bids were submitted to the UKCRF on 18th June 2021. Going forward, these announcements should be kept to a pre-set timetable to give projects confidence in their predicted delivery timelines.

Where there are clear national issues to be addressed locally, a local allocation of funding is the most reliable and transparent method of achieving success in the levelling up agenda. This approach enables synergies with regional and local initiatives. This would for example, avoid duplication in the UK Shared Prosperity Fund with the existing employability policy (No One Left Behind) offer in Scotland.

As there is no regional or local ring-fenced funding and these are essentially UK wide competitions for funding, there is concern that Argyll and Bute will not secure a fair and proportionate allocation of UKSPF. Different areas of the UK have different problems, and a UK-wide approach to bidding lacks a strategic focus and the ability to level up focusing on local issues. There is concern that areas in need across remote rural and island communities, with low population densities will not receive parity of support from the UKSPF compared with densely populated areas where the scale of need is incomparable, but the impact is not.

3. How successful you have been in securing funding?

For the CRF funds, the original timeline for notifying successful CRF bids was from late July onwards, with delivery complete by the end of March 2022.

On the 3rd November 2021 it was announced that eight of the 11 Argyll and Bute bids to the UKCRF had been successful, and a three month extension has been granted for project delivery. This is welcomed, as it was a concern that projects would not be able to deliver within the deadline set for the end of March 2022.

Circa £2m of the £2.45m bid for UKCRF monies for Argyll and Bute has been secured and this is great news. It is hoped that feedback will be provided on why UKCRF project bids were successful and others were not. Such learning would be extremely beneficial if a similar approach and scoring is applied for future UKSPF submissions.

4. The appropriateness of any timescales and criteria which determine when, how and on what funding must be spent.

For revenue-based projects, this is a very short time for delivery, particularly if new staff need to be recruited. Recruitment is typically eight weeks, which would leave less than six months for delivery. If services are procured, the same time pressures apply. Although submitted project bids have complied with the tight timeline, only through at least one round of delivery experience would we know if this was a feasible time for delivery.

5. What has worked well and what needs to be improved in terms of future funding approaches; including the extent to which the new and emerging, (multi government) landscape of economic development will enable effective use of public funds?

It is too early to comment on what has worked well. The process thus far has been complex, time-consuming and difficult due to the lack of regular communication, particularly why there was almost a five-month delay from the submission of UKCRF bids to the announcement of successful bids.

Suggestions for improvements:

- Set timelines for future rounds of funding to enable structures to be put in place to respond and to give applicants time to develop projects for example multi-annual funding over a longer term;
- Ring-fenced funding at a sub-national level allocated on a levelling up basis. This removes the national competition element and would act as an incentive to develop projects due to a perception of increased likelihood of successful bids;
- Decision making at a more local level and with partnership approach. This may require an element of funding and capacity building to ensure the best decision making structures are in place;
- Programmes of funding should be designed to be new and innovative and/or complement, rather than duplicate, existing initiatives; and
- The second round for LUF submissions has now been announced as spring 2022. This is a fairly tight timescale, particularly as large capital projects require a long lead-in time. As previously mentioned, a rolling programme of multi-annual funding would be ideal for both the LUF and UKSPF moving forward.

6. The sustainability of funding for the longer term operation of projects or capital investment delivered under these funds.

A rolling, multi-annual programme and funding approach would ensure that potential applicants can invest in developing structures.

7. The evaluation and accountability mechanisms in place or proposed to assess the effectiveness of any funding provided.

Whilst this is addressed in the UKCRF prospectus, this will need to be developed internally now that a positive funding decision has been received. However, there is concern about whether the results of CRF monitoring and evaluation will inform the planned UK Shared Prosperity Fund due to the new extended timelines set.

8. Whilst EU Structural funds were disbursed through the Scottish Government, the Community Renewal Fund and the Levelling Up fund are, in Scotland, being made available from the UK Government direct to local authorities. The Committee seeks your views on this approach including its impact on spending in devolved areas by the Scottish Government, its potential impact on fair funding across local authorities, and how effective this approach will be in supporting national outcomes such as those set out in National Performance Framework.

This has been addressed above. Ideally, ring-fencing of funding and decision making will be at a sub-national level.

9. Finally whilst the UK Shared Prosperity Fund (UKSPF) will begin in April 2022 we would seek any details from you on any liaison you have had with the UK Government regarding its approach to and operation of the UKSPF.

There has been officer participation in discussions with the Scotland Office and the Department of Levelling Up, Housing and Communities (DLUHC) meetings, including a recent Roundtable discussion focusing on rural issues, chaired by DLUHC and Defra.