

Finance and Public Administration Committee

Replacement of EU Structural Funds in Scotland

Written Submission from East Lothian Council

In response to the Finance and Public Administration Committee's request for a review of the replacement of the EU Structural Funds, East Lothian Council has given consideration to the questions and our response is set out below.

In terms of the classification of priority areas, in East Lothian there are significantly higher levels of deprivation in the former mining and industrial areas to the west of the county and we consider that taking the area as a whole masks the impact of the industrial legacy, which, if using a more granular approach, may attract a higher priority classification.

East Lothian examined the potential to bid for the Levelling Up Fund, in the context of our priorities to grow the East Lothian economy and create high quality, sustainable jobs and felt that the overall objectives and the prioritising of transport, town centre regeneration and cultural investment provide a broad spectrum of potential bidding opportunities, however, we suggest that in future, infrastructure works to enable the kick starting of infrastructure development for new settlements should also be added to the potential projects in scope.

Where we have concerns are around the very short time frame and the broad verbal advice from the UK Government that it was unlikely that an authority that did not already have a well-developed project would be able to complete a bid in time. This led us to wait for the second round of funding to be announced. We were also concerned that the bidding process was akin to a full Treasury Green Book business case, which requires a lot of very detailed and resource-intensive work to be undertaken for something that has a low and uncertain guarantee of success. We have suggested to the UK Government that they adopt the two-stage process used for City Region Deal funding where enough information is given about a project to make a decision over whether to support and then a full business case is prepared for selected projects only. This will reduce the level of wasted resources.

It is also a concern that it is possible to bid for major infrastructure projects which take time to develop and the overall timescale of the funding is until 2024. There are two issues that arise from this, the first is in terms of planning – major transport and infrastructure upgrades can certainty that the funding will be repeated in the future, impeding the ability to plan ahead with a reasonable degree of certainty that there will be a potential funding source in place at all. This does not align with the need to plan strategically for the long term. The second is that it may, practically, be difficult to undertake and complete major operations within the time frame that the project funding is awarded for.

The overall level of funding allocated to Scotland, Wales and Northern Ireland (£800m) across the life of the fund perhaps allows 30-40 projects to be funded in

total across the three jurisdictions, compared to Scotland receiving over £100m per year from the EUSF. There is also the forthcoming Shared Prosperity Fund, but before the detail is announced there is an overall level of promise or anticipation of potential funding but no very clear route as to when it will come or to whom it will be available. A route map for the future of these funding sources would be welcomed, along with a more granular categorisation of areas of priority, linked to indices of deprivation as well as local authority boundaries, to ensure a fair distribution of funds across Scotland going forwards. There is scope to create links between the funding of projects and the overall priorities that the Scottish Government has identified through the National Performance Framework and forthcoming National Planning Framework 4, which may be helpful in terms of the overall future allocation of funding.

In terms of the Community Renewal Fund specifically, this was affected similarly to the Levelling Up Fund by the short timescale for bidding and the ability for community-based organisations to respond to the bidding process. Here in East Lothian, there was a pilot community-based project already under development to create a digital platform for the area's town centres and we are delighted that the project has received significant funding for an expansion and roll-out to towns across the local authority area. Again, however, it will be helpful if there is a future route map of the likely availability of funding and the timing of bidding rounds going forward, so that plans can be made within communities directed at future funding bids. The current short-term nature of the process could be an impediment to capacity-building and forward planning for funding within communities.

We hope that these comments are of assistance to the Committee and would be happy to provide further information if required.

Yours sincerely

Monica Patterson
Chief Executive