Finance and Public Administration Committee

Replacement of EU Structural Funds in Scotland

Written Submission from Fife Council

The Finance and Public Administration Committee invited written evidence from Scottish Local Authorities and SLAED on their experiences of accessing the Community Renewal and Levelling Up funds. The following presents the response from Fife Council in relation to the areas set out in the correspondence received:

The approach taken to identifying areas of greater need or priority

There was a clear message throughout the application process that high quality bids would be supported regardless of being identified as a priority area or being in level 2 or 3. While this was to be welcomed, it has led to raised expectations in lower priority areas which may, or may not, be realised.

The identification of priority areas at a local authority level led to inconsistencies in scale, particularly for the Levelling Up Fund where applications were invited at a UK constituency level. For authorities with a larger geographical and more populous coverage, the areas of need became hidden within the wider spacial consideration. Given that submissions were to be developed on a constituency basis, prioritisation at the same level would bring about consistency and support the levelling up agenda.

It is appreciated that the methodology for selecting priority areas was published, however there was little guidance on how it would be used in the assessment process and we have suggested that this is revisited for future rounds with a clearer link between the criteria for selecting priority areas and the outcomes to be achieved from the funding. This increased transparency will go a long way to strengthening the relationships between stakeholders.

We have also recommended a two-stage application system be employed, where informal feedback is provided before developing a full application. This will allow for priorities to be established at a project level and reduce the resources committed to applications that are ultimately unsuccessful.

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

The process for funding was challenging in respect of both the Community Renewal Fund (CRF) and the Levelling Up Fund (LUF). The CRF process placed a considerable burden on lead authorities to run a full application process and aggregate this into a coherent submission for their area. The advice and support provided by the UK Government during this process was welcomed and was very quick to provide additional guidance, but it remained a resource intensive period with no ability to prepare in advance for these requirements.

The first round of LUF also required significant resources to be able to develop a bid is such a short timeframe, particularly given the scale of applications invited. This led to many authorities being unable to meet the expectations and deferring submission of bids to future rounds. The time to develop capital projects if the scale required should have been taken into account in setting out the process for LUF.

For both funds, the approach to include community-led proposals has been welcomed and allows Fife to continue to work in partnership with community groups to deliver projects in their local area. However, this does lead to some additional risk for the lead authority in terms of time and cash flow management which should be recognised. It can also result in additional barriers for communities which are less able to take advantage of such opportunities and therefore work against a levelling up agenda.

How successful you have been in securing funding

Fife did not make a submission to the first round of the Levelling Up Fund.

Fife Council did make a submission to the Community Renewal Fund. The submission included 14 projects and requested a total funding of £2339,729. Confirmation has been received that 3 projects have been selected for funding.

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

As noted above the timescales were challenging and it would have been preferable to have a longer period for application preparation, given resources involved. Equally the timescales for delivery of spend and outcomes will be difficult to meet.

For CRF, projects were developed, assessed and submitted on the basis of a decision on funding being known by the start of August. As decisions were made at the beginning of November, we have welcomed the flexibility provided to extend activity to the end of June 2022.

The requirement for LUF projects to complete by March 2024 becomes more challenging for submissions in later rounds given the scale of capital projects to be delivered. As many capital projects across the UK are facing additional delays with the availability of materials, leading to increased costs, it is hoped that some flexibility can be built into the timescales as projects are delivered and so reduce the pressure on capacity for delivery locally and regionally in the market, and potential implications for costs, delay and sequencing investment.

The criteria were clearly set out for both funds in each of the prospectus, as was what the funds could be spent on. As a result, we were able to identify priority projects and focus on these when developing the submissions.

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

The support from MHCLG through weekly surgeries and continued development of FAQs worked particularly very well and built up a positive relationship between officers which has continued beyond the deadlines for the two funds in June.

The £125k revenue support per lead authority was welcomed, but it does not meet the costs associated with developing large scale capital bids of this nature within limited timescales and was limiting for multi-constituency authority areas.

Delivering in partnership with lead authorities has also worked well. The ambitions of levelling up need a commitment to decentralisation and a strengthening of the role of local government and the networks that they already work within such as city region partnerships. It also has to be relevant to local places, reflecting the priorities of and differences between local authorities, their communities and partners.

The multi government landscape of economic development has the ability to allow for a diverse range of activities to be developed and delivered in local areas that meet the needs of the 'place'. Each of the publicly funded programmes should seek to gather information on fit with local, regional and national strategies to ensure that overlap is minimised and authorities have the opportunity to explain the complementarity that exists between programmes and so ensure alignment with said local and regional priorities.

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

There are severe limitations due to the short term nature of the funding both in terms of the lack of time to properly test activities through CRF or to deliver on large sale capital investment through LUF. This results in the development of a tactical approach, rather than long term strategic programme planning that leads to transformational change. It also encourages a pull on resources away from long term plans - which is heightened by other short term stimulus funds that are already in place. We would support a longer lead in time and a multi-year, place-based approach to the levelling up funding.

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

While the evaluation and accountability mechanisms are set out in the respective prospectus' for the funds, it is difficult to comment until we have experience of how these are being implemented. In general, CRF is meant to test and evaluate activities to inform the direction of the Shared Prosperity Fund from April 2022 – but as it has just started this is unlikely to be the case. It is however, important to maintain the links between capital and revenue funding at the local level.

The future levelling up White Paper and the design of the Shared Prosperity Fund will need to set out clear objectives and timescales so that progress can be scrutinised and outcomes measured. It will be important to do so at a local level as well as a national level.