

# Finance and Public Administration Committee

## Replacing EU Structural Funds in Scotland

### Written Submission from North Lanarkshire Council

I refer to the request from the Finance and Public Administration Committee - Replacement of EU Structural Funds in Scotland regarding our experience to date in accessing the funds available under the Community Renewal Fund and the Levelling Up Fund and, on behalf of North Lanarkshire Council, I would offer the following comments in response to the specific questions posed by the Committee.

#### The approach taken to identifying areas of greater need or priority

Under the Levelling Up Fund (LUF), North Lanarkshire has been categorised as a 'priority 1' area (i.e. the highest level of priority). Under the UK Community Renewal Fund (UKCRF) North Lanarkshire was identified as a priority place based on an index of economic resilience.

Assigning North Lanarkshire as a top priority place for both LUF and UKCRF is a decision North Lanarkshire Council identifies and agrees with. The area has pockets of significant deprivation and is continuing to deal with the legacy of areas of industrial heritage and decline. The area requires significant funding in infrastructure projects as well as investment in our people, businesses and communities in order to level up North Lanarkshire with the rest of the UK and to achieve our ambition of North Lanarkshire being recognised as the place to live, learn, work, invest and visit.

However, despite the prioritisation frameworks, the competitive nature of these funds and the UK Government's desire to ensure a balanced distribution of funding across the UK, there is no assurances that funds will be allocated to the highest priority areas (and this appears to be reflected in the awards made particularly for the LUF).

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

The process of bidding for funding under both the LUF and UKCRF was resource intensive, with a short timescale for submission and with both funds having the same deadline date/time. We were given around 3 months from the announcement of the funds to submission. This resulted in applications

being rushed and only really allowed for projects that were already well advanced and did not allow time to develop other suitable projects.

A longer lead in time for the UKCRF in particular could have led to better partnership working and cross border projects with neighbouring authorities. However, the timescales made this a practical impossibility.

The UKCRF process placed the responsibility on North Lanarkshire (as the lead authority for the North Lanarkshire area) to develop a system (at pace) for inviting and assessing applications – whilst this was supported by information from the UK Government it still took considerable time for officers to deliver, in addition to their existing workload. The timescales for the process were very tight. As the fund followed a UK wide open and competitive process, local authorities could not provide feedback to project applicants (e.g. community groups and voluntary organisations) during the shortlisting process to help them strengthen their bids before they were submitted to the UK Gov for funding consideration. This may have enhanced a projects chances of success.

The LUF process was more straightforward as it was a direct application between the local authority and the UK Government. The themes of town centre regeneration and transport were particularly welcomed given our ambitious physical regeneration agenda. However, the project application was very detailed, requiring a business case which had to be compliant with HM Treasury's Green Book, something which local authority officers may be less familiar with than civil servants.

The expectation that some funds had to be spent by March 2022 and projects completed by 2025 was ambitious for large physical regeneration projects of circa £20m. Given the potential abortive time and costs involved these funds may be better allocated in a different manner rather than via a competitive bidding process to achieve the best possible outcomes for communities most in need.

## How successful you have been in securing funding

North Lanarkshire has been successful in securing funding for 5 out of 7 projects shortlisted under the UKCRF. This has resulted in almost £2.5m of funding from a requested £2.9m (86%). This result is very welcomed and will play a significant role in supporting local people into employment, investing in skills and investing in local businesses.

However, we were unfortunately unsuccessful in securing LUF monies despite being identified as a 'priority 1' area. This was particularly disappointing as our submission was seeking key enabling investment to help us achieve the vision for Cumbernauld town centre which would see the town centre completely transformed with significant physical infrastructure investment, including a new Town Hub facility incorporating education, health and community facilities.

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

As previously stated, the timescales for submitting bids to under LUF and UKCRF were challenging.

The requirement that all activities associated with approved UKCRF projects, including evaluation, be completed by 30 June 2022 is a challenge. It is acknowledged that the UK Government has extended this from 31 March 2022. However, this was to take account of the late announcement of funds which were due in late July and weren't announced until early November.

Large physical regeneration projects of circa £20m, including transport projects, have only been given until 2024/25 to spend all monies. This will be challenging given the size, scale, complexity and pace associated with projects of this nature.

The timescales required, particularly for town centre project with more challenging problems (such as complex ownership mosaics, development restrictions etc.) cannot be resolved quickly and it appears that successful Local Authority bids largely had ownership of land/buildings or 'over-ready projects' with potential funding already in place. As such, to some extent, the delivery timescales may have meant that this funding could have been used as potential replacement funding or directed to areas not in greatest need of support.

## 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 significant investment from the UK Government is welcomed, particularly capital funding against infrastructure projects.

However, in order to achieve the best outcomes in terms of the UK Gov's levelling up agenda there needs to be a longer-term commitment to funding rounds to allow local authorities to plan and prioritise projects which would require such funds.

UKCRF projects need to be delivered over a short timescale (6-7 months) but would benefit from a longer term spend deadline going forward under the Shared Prosperity Fund. This would improve outcomes and allow for longer-

term projects such as assisting those furthest from the labour market into training or employment.

The LUF and UKCRF/Shared Prosperity funds should be automatically allocated to priority places rather than through a UK wide competitive process.

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

Project delivered under the SPF should have a requirement to demonstrate how sustainability of outcomes is achieved which longer term funding provided through a minimum of 3-5 year programmes would support.

The requirement for a financially viable and robust business case for capital project investment remains key to ensuring the sustainability of projects and should remain no matter how funds are distributed.

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

UKCRF projects must be completed, including evaluation, by 30 June 2022. This short timeframe will be unlikely to allow for any meaningful learning to be shared across the UK and to inform the Shared Prosperity Fund which is due to launch in 2022.

At this late stage it is difficult to see how the UKCRF is going to inform the SPF when the SPF is due to launch so soon and a flagship programme under that fund has already been announced.

I trust this information is of assistance but should you require any clarification please let me know.

Regards

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