

Work and Pensions Committee

Oral evidence: People and skills and the UK Shared Prosperity Fund, HC 147

Wednesday 22 November 2023

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Watch the meeting

Members present: Sir Stephen Timms (Chair); Debbie Abrahams; Neil Coyle; David Linden; Steve McCabe; Nigel Mills; Selaine Saxby; Sir Desmond Swayne.

Questions 1 - 53

Witnesses

I: Richard Clifton, Chief Commercial Officer, Shaw Trust; Richard Rigby, Head of Policy and Public Affairs, The Prince's Trust; Councillor Amanda Serjeant, Deputy Chair, People and Places Board, Local Government Association; and Sam Avanzo Windett, Deputy Director, Learning and Work Institute.

Written evidence from witnesses:

[Shaw Trust PPF0003](#)

[Local Government Association \(LGA\) PPF0002](#)

[Learning and Work Institute PPF0001](#)

[The Prince's Trust PPF0004](#)

Examination of witnesses

Witnesses: Richard Clifton, Richard Rigby, Councillor Amanda Serjeant and Sam Avanzo Windett.

Q1 **Chair:** Welcome, everybody, to this meeting of the Work and Pensions Select Committee for a one-off evidence session on people and skills and the UK Prosperity Fund. We are grateful to the four people who have joined us for our panel. Could you all very briefly tell us who you are?

Richard Clifton: Richard Clifton from the Shaw Trust, a national charity supporting people who are facing social and economic challenges to get into work or improve their lives.

Councillor Serjeant: Good morning. I am Amanda Serjeant. I am the Deputy Chair of the Local Government Association People and Places Board and Deputy Leader of Chesterfield Borough Council.

Sam Avanzo Windett: Good morning. Sam Avanzo Windett. I am Deputy Director at the Learning and Work Institute. We are an independent policy, research and development organisation and we focus on lifelong learning, employment and skills.

Richard Rigby: Richard Rigby from The Prince's Trust. The trust supports young people from disadvantaged communities and young people facing adversity into employment, education and enterprise.

Q2 **Chair:** Thank you all very much for joining us. The Shared Prosperity Fund has been announced as a replacement for European social fund support. How effective a replacement do you think it is proving to be so far?

Richard Clifton: A nice question to start with. From my perspective, we have seen the scale as not the same as we had with the European social fund previously. The employment and skills section being delayed meant that we had a gap, so from that perspective it has not been a straight swap from one funding stream to the other. We are struggling to see what the impact is and it may be too soon to tell. Most of the employment and skills money is not starting to have an impact yet because it is being procured at the moment.

We will have to see, but I think that devolving it down has already had an impact where with the European social fund we might have had larger scale regionally based. It has been fragmented because of devolving it down to the levels it has been. Those are the biggest challenges. It is not a direct swap by any stretch of the imagination.

Q3 **Chair:** I will pick you up on the point about the scale, and I ought to know the answer to this. With the headline figures it is supposed to be the same, isn't it?



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Richard Clifton: It is supposed to be the same but I think everybody forgets that the European social fund also used to be matched. The money that is coming in now is what we got from Europe but we used to match it with other funding, so in actual fact it is a reduction in the funding that is going to projects. That money may be going into other things that local authorities or central Government are doing but we are not seeing it at the scale, so I don't believe that we will have as many projects or the scale of projects that we had previously.

Q4 **Chair:** Was the matching coming from UK Government funding?

Richard Clifton: UK Government funding, local government funding and some of the money was also an in-kind match from business and different things. The way it was constructed was different from the Shared Prosperity Fund.

Councillor Serjeant: From a local government perspective, we welcome the opportunity to be able to localise the provision. With over 200 lead authorities in local government, they are able to have personalisation of place at the heart, looking at local need. Those are the things that have come to the fore where it has worked really well. Looking at specific instances of the barriers to work, getting ready people who are furthest away from work have been the priorities. It has worked well where existing relationships were already in place, in areas where they already had good relationships with providers across regions and across councils.

In my own area of Chesterfield we already had a board, a Chesterfield skills employment partnership, which included the county council, ourselves as the district council, private providers and employers. We have a good working relationship with the Department for Work and Pensions and it is involved in that and the HE and FE provision. That is where it has worked well. We have all appreciated the flexibility.

It is fair to say that it has not been without challenge. As Richard Clifton said, the amount of money that has been devolved down is significantly less than in other funds and timescales have been a particular challenge. The work and skills element was initially for year 3 and then there was a very short notice change of eight days where you could bring that into year 2. Some authorities managed to do that because they were able to use other money to bridge the gap, but some authorities didn't with that kind of timescale.

Those are definitely the lessons that need to be learned with the pace and perhaps fully designing the process before you launch. Those were the key issues. Also the one-year nature of the funding has caused issues and I am sure that we will go into that. The reality is that with one year you get only nine months of provision to people and that shapes the kinds of programmes that you are able to offer. It has an unintended consequence that perhaps a full range of programmes cannot be offered with that kind of timescale.



Sam Avanzo Windett: I agree with Richard Clifton and Amanda on their points. I will add that it is hard to identify the effectiveness of the Shared Prosperity Fund as a replacement, particularly the people and skills element because we have not seen a lot of it. We have seen a lot of process but not a lot of outcomes. The people and skills element was delayed, as has been referenced, and then brought forward too late. The Shared Prosperity Fund in the 2017 Conservative party manifesto was meant to be cheap to administer and low on bureaucracy. We have not seen either of those in the process that is replacing the European social fund.

Also the background has changed. The European social fund targeted economically inactive groups and that has not been static. During the pandemic we saw a rise in economic inactivity; 600,000 more people became economically inactive and that brought the total of economically inactive people in Britain to 9 million. That is a big number of people.

Q5 **Chair:** The numbers have come down a bit, haven't they?

Sam Avanzo Windett: Yes, they have been dropping, but our research shows that there is a demographic change, that we are likely to see more older people leaving the workplace than young people joining—1.4 million more leaving in the next 17 years than young people joining. The pool of economically inactive people will go up. As a replacement, it not only needs to do what the European social fund did; it needs to do it much better and more effectively.

Q6 **Chair:** In your written evidence to us, Sam, you made the point that funding ought to be allocated by a "transparent needs-based formula" instead of using the same "undesirable features" as were in the European social fund. What did you have in mind there? What were the undesirable features and what would a transparent needs-based formula look like?

Sam Avanzo Windett: This is not to paint a rose-tinted picture of the European social fund. There were elements of it that were really problematic. There was a lot of bureaucracy, auditing and monitoring requirements, paperwork. There were filing cabinets in offices of all the paperwork that had to be kept. People had to be turned away because they lived on one street and not another street, they were this age and not that age. There were lots of issues with the ESF, which I think the Shared Prosperity Fund has the ability to go above and beyond.

In England specifically, the allocation of funding to LEPs was based on the old EU structural fund, which was not incredibly transparent. Cornwall and other areas have a much higher funding allocation than places like Teesside where the needs are only slightly different. Wales had something quite different. In England it went to the local authorities, 70% based on population and 30% on a needs-based index. In Wales they did 40% on population, 30% on the community renewal fund index and 30% on the Welsh indices of multiple deprivation, so you had a closer tie to deprivation and need there. What we need across the board is a more



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transparent funding allocation process, possibly matching what happened in the other nations for England.

Q7 Chair: Your point about people in one street and not a different street, different ages and so on, has that improved in the Shared Prosperity Fund?

Sam Avanzo Windett: That is yet to be seen.

Q8 Chair: Okay, thank you. Richard Rigby?

Richard Rigby: The good news is that we are now finally delivering this after six years—as Sam said, it was 2017—that we have been talking about it. The good news is that we are now on the ground supporting, at The Prince's Trust, disadvantaged young people into employment, and especially the economically inactive group. There are good elements of the fund in what it is focusing on in the investment priorities. However, our overall experience to date has been pretty challenging due to, as we have talked about, the timelines, the delay to people and skills funding in particular. Also from the perspective of a national charity, there is the commissioning at a very local level. Thirdly, and quite specific to us, is the self-employment support that we used to see under the EU structural fund has diminished. We have seen that fall away for those starting out in self-employment.

Q9 David Linden: I will start with a broad question to all of you. What effect has lifting spending restrictions in the financial year of 2023-24 had on the people and skills investment priority for the UK Shared Prosperity Fund?

Councillor Serjeant: As I mentioned earlier, the eight days' notice was incredibly challenging. Some councils used underspends; they had already tried to bridge the gap in provision from the ending of the European social fund to what they thought was going to be the beginning of the year 3 people and skills. They bridged it where they were able to do so. Undoubtedly that was easier for some larger authorities than it was for some very much smaller ones and that is due to capacity. One of the lessons that has been learned from that is that where there have been collaborative approaches between councils they have been able to support each other across areas and regions.

There has been a lot of lessons learned, but I think it showed a lack of understanding of how local government works. We have our own decision-making processes that we have to go through before we spend money and there has to be accountability and governance in those as well. That was probably the biggest issue. It was also spending at risk for those authorities because although they put the plans in place in advance, there was no guarantee that the change would occur. They put very scarce resources at risk in the hope that they would be able to get the change that we did get.

Q10 Chair: A lot of people thought that change was going to be made, did



they?

Councillor Serjeant: They thought that it should be made and what they did not want was that often very vulnerable people, who providers had been working with over a long time, would be left without provision, but also that those relationships would break down. Those kinds of skilled providers are in scarce supply and if there had not been a bridge you lose capacity and the ability to put people in place quickly. It was about keeping hold of the skilled people as well.

Sam Avanzo Windett: I will add that it is a lack of understanding not just of how local authorities work but of how providers work. Providers, especially charities but all providers, can provide some bridging funding if they know that the service will be up and running four or six months later. You are not going to get rid of all the staff and then rehire knowing that the funding is there, but there was no visibility of the funding. Organisations would be foolish to keep people on their books not knowing until when.

Q11 **David Linden:** I will come back to loss of expertise and capacity in a moment but, Councillor Serjeant, if I can press you a bit further. The LGA's submission explained that if a similar delay was experienced in confirming allocations for year 3, many programmes "would not be deliverable". When do lead authorities need to have the funding allocations confirmed for the financial year 2024-25?

Councillor Serjeant: My overarching point from the LGA is that we need to be talking about that now. If we go back to the European social fund, the delivery period was much longer. It was seven years including, I think, three years of delivery. Longer-term planning produces better outcomes and makes things more efficient. It means that you can preplan, build the relationships, keep the staff and the providers that you need who get certainty of funding as well, and the collaborative relationships can continue.

The LGA is saying, "Work with us". There is a lot of lessons that we can learn and that we have learned from this already and from other funds such as the community renewal fund that preceded this. There are lots of lessons that can be learned. The LGA can provide examples of where it has worked very well. It can also provide examples of where it has been extremely challenging. Moving forward, we can put in place something that is much better from the beginning for 2024-25 if we have the security of funding now.

Q12 **David Linden:** I will come back to all of you on the loss of expertise, the capacity. Can you quantify and add a bit of context for the Committee about the loss of expertise in employment programme delivery as a result of the delayed announcement on spending for the people and skills investment priority? A second question on that is: can this be reversed?

Councillor Serjeant: It is probably more applicable to my colleagues who are the actual direct providers, but if you are in a situation where



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you are in a two-year contract, after 12 to 18 months you start looking for another job and maybe you go because you get another job. The longer you can put in place the security of tenure the more likely you are to keep the skilled people in place, but something that is 12 months is a big risk, isn't it? Not many of us want to be working in those circumstances. Those are some of the key issues, the challenges that we face, but my colleagues probably have more to add on that.

Richard Clifton: From our perspective, we have definitely seen staff who have left the organisation. We have done our best with programmes closing down to reallocate them to other contracts or other provisions that we run. We have lost skills. As a large organisation, we also have supply chains. Some of our supply chains have also been lost, to the extent we have seen organisations close down. We have lost whole organisations within communities that have not been able to continue. It is a bit of a mixed picture across the country. Some local authorities managed to bridge funding and that has helped some organisations, but we have lost hundreds of people. We employ over 3,000 staff but we have still lost hundreds of skilled staff who have probably gone out of the sector.

Q13 **David Linden:** Brexit was portrayed as us taking back control. Six, seven years on from our exit from the European Union it does not exactly feel that we are in a lot of control now, does it?

Richard Clifton: I am not going to make a political statement here in that respect as a charity, so I will sidestep that a little bit. I think that what the UK Shared Prosperity Fund could have done and achieved, through the way it was applied—and some of this is longevity funding where the biggest problem for organisations to cope with is having annual funding budgets. Being able to plan forward means you can plan and keep your workforce and I don't think we have had that security.

Richard Rigby: From our perspective, in England and the people and skills we are now delivering in three locations, Nottingham, Derby and Burnley, that is unfortunate. Had the announcement come sooner to bring forward people and skills, let's say six months earlier, that could have made a real difference to lead authorities being able to get that through to where we are now. We are projecting at the moment that we are probably supporting 1,000 fewer young people per year across, due to where we are this year and probably next year as well. There is the loss of support and expertise.

I am more concerned at the moment about the cliff edge that could come in 2025. What we put in place for economically inactive young people involves lots of dedicated one-to-one support from our youth development leads. We are forming new partnerships with health charities, disability charities, charities that support young parents. For the infrastructure we are putting in place now, we need security to know that that will be taking place after March 2025. That is when the real loss of expertise that we are putting in place now could be at risk.



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Q14 **Chair:** To pick up on 1,000 fewer young people being supported, that is 1,000 out of how many?

Richard Rigby: We tend to support about 6,000 young people a year through these.

Q15 **Chair:** You are down to 5,000, are you?

Richard Rigby: Yes, about that.

Q16 **Chair:** Why will that problem continue into next year?

Richard Rigby: At the moment we still had some ESF funding this year, so if you add together the ESF funding and the people and skills funding in 2023-24 that amounts to what we are expecting from UKSPF next year. There has been UKSPF ramping up as the European social fund goes down.

Q17 **Sir Desmond Swayne:** What are the frustrations or benefits of the new system as opposed to the European system in the application process? What is worse and what is better?

Councillor Serjeant: What is better is that we are able to personalise it to local need. You can work over your own, what we call, functional economic geography in Chesterfield, in Derbyshire, but also Cornwall, North Somerset and East Riding have been able to do that. People have been able to set the geography that works for them, which was not the case under the previous scheme. That has definitely been a plus and a benefit. The other strength has been the emphasis on place and the three themes are very welcome, a real focusing on people and place and what it means to be living somewhere.

Without doubt, the late response, the tight turnarounds have been very challenging for design and delivery. As I said, many councils have tried to bridge that gap with other underspends at risk and have designed longer schemes for that, but that is where they have been able to work in partnership. We have been able to share some of our working with smaller neighbouring authorities so that we can all learn from each other. The LGA has also been working on that collaborative approach where we can look at what has worked well.

Q18 **Sir Desmond Swayne:** What about the differences between the application processes for lead authorities? Is that a matter of frustration for you and do you think that they are necessary? Could there be a better standardised process?

Councillor Serjeant: There is one thing I should have said. The LGA represents lots of different lead authorities and the thing that we welcome the most is that this was not a competitive bidding round. It is a very strong ask from the Local Government Association that we think that that wastes time and resources and it was welcomed that this was not competitive bidding. How Government then decides whether it is scarcity, density, deprivation and so on is probably a matter for Government, and



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the LGA won't comment on that, but the fact that we did not have to waste time preparing a bid that perhaps was or was not successful was definitely welcome.

Richard Clifton: Whereas if you are the provider, you have to, in some cases, have the bids that are going in. We are used to doing that under ESF as well, so depending on who was commissioning, sometimes that was at national Government level as well as regional levels. Some of the frustration is the inconsistency. For some areas we may just have a request for a quote and it is an easier process with some local authorities and others are full competitive bidding rounds. In some areas they are setting DPSs that you have to get on the framework so you can bid. The frustration from my point of view is that I am now having to put in probably four to five times the number of bids to secure the same level of funding to do the work that we are doing as we were previously.

That is one of the challenges we will have with devolution. Devolution is great and we are very much in favour of having things very locally focused and meeting the needs of different communities. We need to look at how we can make the administration of that a lot more streamlined because it is down to different local authorities that will take different approaches. As we have said, they all have their own governance that they have to go through as well. The challenge for me is that we are not seeing a consistent way and we have to see this against everything else that is happening with devolution. We are also seeing other areas that have been devolved down to the integrated care boards and everything. That is putting the same pressure on the same provider network to have to do multiple bids.

We have to be careful that we don't end up spending more on bidding and management of contracts, because it is not just the bidding. Each contract will be different and have slightly different variations of requirements, which puts additional management costs on to the providers. We have not got what evidence is required so some local authorities are almost reverting back to, "We had this for ESF so we will use the same" whereas others are being more open and not asking for that much in a bureaucratic system. There is not a consistency yet.

Q19 **Sir Desmond Swayne:** Amanda, is there a role for the LGA there in co-ordinating that and getting best practice?

Councillor Serjeant: I think that the LGA already has. It commissioned Shared Intelligence to run some action learning sets, look at what could be done for realistic solutions and solving some of these problems. There is also an informal officer network where they can meet and discuss across the country through the LGA and good practice is shared on the LGA's website.

The application processes that local government is putting out could definitely be streamlined and good examples could be shared through the LGA even more so. I know that we have shared some of our templates. I



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think it has been a benefit to local government to be able to reflect local need. Some previous schemes in our region, the East Midlands, have run all the way up to the north-east and it cannot hope to reflect the same kind of local need that we have that is specific to our region. I am sure that if Cornwall was here it would say that, and Yorkshire and so on. I hope that we won't lose being able to look at what the local barriers to employment are in our area.

Sam Avanzo Windett: This is a capability and capacity issue at a local level. It is great that local authorities can pursue things in their own way and bring alignment between some of the provision but they are choosing very different processes, as Richard said. These are two national charities. If we think about this from a very small local charity's perspective, some local authorities putting in their own dynamic purchasing system that you have to apply to before you can put in your application might be far too much for the resource of a small charity to handle. They are the sort of specialist provision that we are looking to for delivering some of this.

Q20 Neil Coyle: Richard Rigby, you have talked about a reduction in funding following the move from the European social fund to the SPF and I think the term you used was a potential cliff edge. If the Shared Prosperity Fund continues beyond 2024-25, how likely do you think it is that that trend in reduction will continue? What does that mean for The Prince's Trust, including consistency for the fantastic facilities and services it provides?

Richard Rigby: It depends on what the fund looks like and also our experience might not be the same as every provider's experience, although most people we talk to have a fairly similar experience. The timing of when we might see that extension is important, the focus of the fund is important. I have mentioned a little bit about self-employment and that is more to do with the ERDF, the European research and development fund. That provided a lot of support for people to start out in business. Although that is not necessarily with ESF funded, it is still potentially under people and skills. We are not seeing that support coming through under the UK Shared Prosperity Fund and we would like to see that reflected next time.

We think that there is a real gap there. Richard Clifton and I have spoken about other funds at this Committee, like the new enterprise allowance that comes to an end. The self-employment support under ERDF has also come to an end and that is where we are seeing a real drop-off. That is one important element.

Q21 Neil Coyle: Do others want to come in on that? The current Government have indicated that they want to support more people into work, those who are assessed as able to work but also those who are economically inactive. What would a further reduction in funding or failure to focus any future fund properly mean for the people you are trying to support into work?



Richard Clifton: Some of the challenges that we have at the moment—I was looking at bidding opportunities yesterday. We are being asked to put in bids and local authorities are saying, “We think this is going to be a two-year programme but we can’t guarantee your funding after the first year”. The problem is that we can put in a bid and we can scale it up but from a recruitment point of view I can’t give staff the security they need so we end up not being able to build it up. The partnerships that we need to deliver, as Richard Rigby said, of building up the network that you also need in a local community, is difficult to do, so I think that having that certainty—the advantage with European social funding is we had seven years’ worth of funding and commissioners could look at how they built the programme. We have not had that certainty and that is what we need.

I think that you have to look at this in the broader context of everything else that is being done at the moment. A lot of resource is being put down and we want the involvement in it, but we need to make sure that we tie all of this together. We also have a risk that things theoretically could run in parallel and support more people but they could end up fighting for the same people and missing other people at the same time.

Sam Avanzo Windett: I will add to that that some of the Government priority around toughening up the sanction process will not address this issue because that will not target those people. The support that previously existed under the European social fund is exactly the support that is needed to help more economically inactive people into work. There is a huge amount of complexity with some of the other activity from Government, like universal support, if you think of it from a potential jobseeker’s perspective.

We did some research in Walsall local authority to look at how many organisations and providers were providing employment support and it was 85 and the local authority was not aware of all of those. Think of that from ultimately the point of view of a person being out of work, “What is available for me, what is good, where should I go?” It is a mess. The Shared Prosperity Fund could have helped to align some of that and it has not so far.

Councillor Serjeant: From a local authority perspective, the LGA has made moves now. Some councils had invested in skills and employment as part of their economic growth teams but other councils had not. We have started on that path now and they are building up the collaborative relationships. We need to give them a reason to continue to invest in that capacity because the people who are being recruited and hired now also need to know that there is a future in this. If we can give security through the funding, there is a reason for local government to continue to invest or to begin to invest where perhaps it has not at a more local level before. As we move to further devolution and through more and more combined authorities, it is very important that local government invests



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in skills and economic growth, so any change now would be a disincentive to continue on that.

Q22 Neil Coyle: Any change now is a disincentive but Richard has just mentioned that there are people missing from the current focus. Given the workforce implications of Brexit—and employers bang on my door every week complaining about the current system and Home Office delays and everything—is there sufficient focus in the existing fund or would you like to see in a future one job retention for those who develop ill health or an impairment?

Richard Clifton: From my perspective, we need to have a focus in maintaining people in the workplace and not just having programmes that move people into work from inactivity. There is a number of programmes. We deliver programmes with local authorities in Kent, for instance. We do a lot of work in supporting people to maintain in the workplace just as much as moving them in. We are working with the West London Alliance to have an approach where there is no sort of wrong door, to Sam's point about confusion of where to go. We are working together with West London Alliance and other providers they work with to have one door they can work through in some respects, virtual or otherwise, to get them on to the right support.

It is part of that you have to have two levels to this of UK Shared Prosperity Fund at a local level to meet the local needs, but when we had ESF we also commissioned at national level as well, which gave you more of an umbrella to make sure that nobody fell through the gaps. We have gone all the way to devolved and I am not necessarily saying that we have the overriding safety net.

Councillor Serjeant: One of the things that Cornwall has designed is a people's hub that is the front door. It is using its funding allocation to be the signposting place and the triage. The LGA recognises that national government will still want to have a light touch national framework but there is the local personalisation. Our areas are not the same, so while North Somerset is looking to support women returning to work, in my area we have particular issues with deindustrialisation still but also a much higher rate of youth unemployment than the national average. Areas are different. East Riding is targeting theirs towards green skills and so on. Being able to personalise it to the local area makes a lot of sense.

Q23 Neil Coyle: If you also have 85 organisations operating in the area, how would someone find that? I am interested to see any evaluation of what has happened in Cornwall and how people find the support. I suspect there is a role for a more national organisation in it.

Amanda, I also want to follow up on one thing you said about the bidding for contracts. Has the LGA done any analysis of process costs to DWP and councils, and if the budget is kept the same by whoever is in government, how could the budget go further if you take out the



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tendering and applications process in a more direct allocation system?

Councillor Serjeant: This is a long-term reality aim in competitive bidding, that we do not think that it works for anybody within Government and it does not promote the best behaviours.

Q24 **Neil Coyle:** Do you have the numbers?

Councillor Serjeant: We can provide that at a later date and I think that it would be of interest to the Committee to look at how much time and officer resource goes into that. Some larger councils can do that because they have big teams. Other councils have to look to consultants to provide that resource for them. All of that is public money and you have to ask is that the best way for it to be spent if there is a better way to do that.

Sam Avanzo Windett: I will add into that the cost to the providers for bidding for the pots of money, as has been mentioned. I think you have a submission from the Salvation Army that estimates £30,000 a month spent on bidding and it is a charity. These are charity funds, so it is taxpayer money and charitable funds.

Richard Rigby: Coming back to Mr Coyle's original question, there are two things that we would prioritise for 2025 onwards. One is the timescale, looking for the longer time of at least three years. Whether that is possible this time round in 2025 just before we get to a spending review is for discussion. The other thing is so that national organisations can achieve economies of scale. We want some level of local commissioning but some level where national organisations can also create economies of scale.

Q25 **Debbie Abrahams:** I think I know the answer to this but perhaps you would like to formally get it on the record. In the future would you want further devolution of this type of funding? If that is the case, which I think I am getting the gist that it is, what would be the role of the UK Government? I am interested in what you are saying about evaluation, governance arrangements and, given what you have said already, ensuring that councils have the capacity to get going as quickly as possible and so on?

Councillor Serjeant: The LGA has a worked-up programme called Work Local, which it would be happy—

Debbie Abrahams: The LGA is doing that. What is the role of the Government?

Councillor Serjeant: On further devolution, the LGA believes that areas can build up that capacity if further work and employment skills is devolved down to the local level. That programme is a cross-party ask that can be provided in much more detail to the Committee afterwards.



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I am better able to talk about the employment skills partnership that is already in place. Areas that already have these in place and have good working relationships have, without doubt, been able to move at pace. We have a good working relationship, as I said, with the regional partnership manager at the DWP. We work closely with Chesterfield College, Derby University and private providers. Those have been built up over time because we have people in our economic regeneration team who are focused specifically on skills. Not all councils necessarily have a team like that and it is important they look to build those up. The security of the funding going forward would give them the ability to be able to do that but also to work across combined authorities to support each other, to share the learning and the templates.

Many councils have been co-commissioning in preparation for year 3 across their regions. I think that is quite a new thing in this scheme and it is an interesting thing. Trying to work with other authorities is not without its challenges, but it is important. I think that is what the public would want to see us doing.

Q26 Debbie Abrahams: Particularly about the governance arrangements, it seems just an absolute nonsense that each council would be trying to make governance arrangements and the time and cost involved in doing that is counterproductive.

Sam Avanzo Windett: We are asking for a single pot from the UK Government, with employment and skills agreements within that single pot tied to outcome agreements. That is the work local model. That is the role of the UK Government, one single pot for employment and skills to the devolved areas with agreed outcomes that they can be held to. That is also important when we come to the evaluation point.

Debbie Abrahams: Guidance?

Sam Avanzo Windett: Yes, you could have best practice guidance and learnings and guidance within that. That can all be provided to the devolved areas. The role of national government, because there is a role there, is the alignment. There needs to be a view of the emerging gaps and duplication and that is an overseeing role. Each area brings it together but then you can spot where the gaps will be. That is the work local model that would work.

Richard Clifton: Similar to Sam, there has to be a bit of a mixed economy here. We forget that the European social fund, for instance, did a lot within the justice sector. We ran a number of programmes, CFO3 and the like, to support people transitioning from custody back into the community. That also meant that it could not be done at a local authority level because somebody might be in a prison in one part of the country and be released into another part of the country. We have to be really careful. A new programme with CFO3 involvement is currently commissioned but it is probably around half the funding that was originally there for when we had the activity of CFO3. We have to be



honest that central Government is doing some of this and taking it up; we are losing that as well.

We need two tiers. We need nationally-procured programmes and you cannot devolve everything because in some cases that does not work. Like Sam, I think it can be done on a framework basis of a pot of money that is devolved with—it is not really strings attached—a structure in which we can make sure that we can evaluate the outcomes as well as the process. We are in danger at the moment of evaluating how money was distributed and not evaluating the impact that had. I think that is the important bit.

Debbie Abrahams: That is a very good example. Thank you.

Richard Rigby: We support working across larger geographies, for example where you have areas that have level 3 devolution deals and then level 2 devolution deals and where those are not in place, areas where functioning economic geographies, similar to local enterprise partnerships, existed.

Q27 **Debbie Abrahams:** Thank you. I have a very quick question on the three investment priorities. Do you think they are extensive enough? I am very interested to see whether you have been required to do a balance around investing in all three or focusing on one or two because it is a local issue. I am very interested in what you might say about capital versus revenue spending, which I think from other regeneration type programmes has been very infrastructure and capital dominant. What would you like to say about those?

Richard Rigby: The list is very broad. Under the European social fund, just over two thirds was spent on employment programmes and one third was spent on skills programmes. Under the UK Shared Prosperity Fund of course, especially with people and skills coming later in the programme, there is a hugely diminished amount going to people and skills from that perspective. There is also a confusion in the communities and place aspect—and I think Amanda will know this better than I do—about how you have got the towns fund, the levelling-up fund and then a similar pot under the UK Shared Prosperity Fund.

Debbie Abrahams: That is a very good point. Thank you very much.

Councillor Serjeant: The way we have dealt with it is to keep that very separate from the other funds. We have benefited from levelling-up and towns fund, but we set up a UKSPF board at a local level to work with partners so that we were building the links and bringing in other people from the voluntary sector and the health sector. We have welcomed the focus on people and place and being able to target out almost like micro grants in that element in the first year. We have worked with people like the chamber of commerce and other providers to support business.



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I have to agree that it would have been better if all three elements had begun at once and that would have led to a better thematic progress. Staggering it has caused challenges and I am not sure it achieved anything. I am not sure what the rationale was for staggering it out. We were able to get that money out the door because we had those good relationships and I suppose there is never any substitute for that. Anything that promotes the building up of those and the localising of bringing different people into the room to make those decisions has been effective.

Q28 Debbie Abrahams: You have three boards: the UKSPF, a levelling-up and a towns board. The example of our towns board is that is an afternoon, so you are talking one and a half days' worth of board meetings.

Councillor Serjeant: We have a towns board but it is not just full of councillors and officers.

Q29 Debbie Abrahams: No, nor is ours, but having the same sort of intersectoral membership seems very admin heavy.

Councillor Serjeant: I think overarching the LGA would say that the competitive bidding and the different complexities seems to be a streamlined process across all of local government funding. There are probably better ways that things could be designed that would be more efficient and lead to better outcomes. That is a multiyear funded settlement for local government, but I am not sure that is in our gift today.

Q30 Debbie Abrahams: Does anybody want to comment on the capital versus revenue?

Sam Avanzo Windett: At the very beginning of the Shared Prosperity Fund conversations there was a tough exam question set, which was: how would you reduce local inequalities and create local growth in different areas? In that way, at a very high level, investing in people and skills, supporting businesses to grow, improving place could all come together. I think where the issue has been in the process and all the process issues we have talked about, the short timescales, it is great that you have local people coming together and local stakeholders but there was not a lot of time for that to do something quite difficult, complex and new in some places. There are some examples of previous provision in coastal areas for example, the regeneration of a whole coast, but in trying to do that on the scale that the SPF tried to do it in a short timeframe, I think the process did not support the exam question.

Debbie Abrahams: That is a very good point.

Richard Clifton: I don't think there is much more I can add. It is one pot of many and this is some of the problem of the bigger devolution question. I think it would be great to bring it all together and have less bureaucracy in there as long as we have the security that the money gets



to where it needs to be. From our perspective, we want to make sure that the people we are supporting are getting the support and losing things on bureaucratic systems and management of multiple funding streams just moves money away from the frontline. Whether that is capital or revenue, you don't get as much on the frontline. I think that is what we are conscious of with all areas of devolution, that we have to set up the structure to allow that to happen effectively.

Debbie Abrahams: Lovely. Thank you so much.

Q31 **Steve McCabe:** I want to ask a couple of questions about evaluation and data. I think you touched on this earlier, Richard Clifton. Do you have any observations about the evaluation strategy or any recommendations about how it could be improved?

Richard Clifton: The biggest bit for me is we should always start any evaluation with judging the impact that was planned and what we achieved. That is getting more difficult for when you devolve things and you have different targets within that, you end up having to do evaluation also on a local level. As it is currently set up, you may have to do what is the impact for the local community because it will be different. You can't have a one size fits all of, "Did you hit with this?" As we have heard, different areas have different needs.

The problem is evaluation seems to be more about the process and did we get the money spent rather than what we achieved out of it. I would like to see more focus on who has benefited and what benefit they got out of it. That is the most important bit from my perspective.

Councillor Serjeant: I agree with everything that Richard Clifton said. The one thing to add is to have the evaluation process designed at the start rather than midway. If councils had known from the start what the evaluation process would be, they may well have designed their schemes slightly differently but to get it midway through has driven behaviours. We welcome overall that there will be a simplification and that 30 authorities will be looked at as part of the evaluation is a good thing, but design that at the very beginning and not launch programmes and then put the evaluation in.

Sam Avanzo Windett: My recommendation is that if you need to get to sleep, read the evaluation strategy because it is very, very, very long. It has a lot in it and I have done it. It is really important: how do you know people are receiving the services they need? This should be built in from the beginning. There was such a lot of concern over all of the requirements on local authorities that in the evaluation strategy it is very light touch and local authorities are encouraged to evaluate because it is a good thing to do and not required. There are very few requirements. It is, "If you want to do it, please step forward" sort of thing.

On a programme level, the Shared Prosperity Fund as a whole is trying to increase pride in place. How do you evaluate that? Lots of surveys. This is



not what we are used to in employment and skills. We are used to thinking about: did people move into jobs; was it good quality provision; did it move people into jobs; did they stay there? We can do that and I think it is absolutely imperative that that is built in. We need that strong culture of effective practice, and maybe LGA has some of that there, but we need the structures in place that frontline staff can learn from each other across different nations and areas, and we need performance data. How many people are going into jobs? Do we know? Are we ever going to know? Will performance data be published? This is basic stuff.

Richard Rigby: We are recording our performance data due to the contracts that we are involved in should we be asked at some stage to provide it and also for our own benefit so that we can inform our future delivery. To date we have not been asked to provide that information but we are still early in the overall scheme.

Q32 **Steve McCabe:** I was slightly surprised to discover that it is not compulsory for the lead authorities to participate in the evaluation. Do you think it should be?

Councillor Serjeant: From a simplification perspective, rather than doing over 200 authorities, just with time, bureaucracy and resource, to choose 30 is probably a better way of doing it to quickly learn the lessons to be able, we hope, to put in place a more effective scheme for 2024-25. It is fair to say that at times previous funds have been given to local government and have the lessons been learned and have they been put into practice. The LGA would stand ready to provide those lessons. It has done its own evaluation of previous scheme and could give that information and data. I think the key thing is that we just move forward quickly to taking on board the lessons learned, looking at what can be done to improve the next round to simplify that in evaluation rather than an evaluation process that takes longer than the one-year funding that was put in place, to improve things going forward. The LGA welcomes the 30 authorities involved.

Q33 **Steve McCabe:** Are you quite confident that they will be representative?

Councillor Serjeant: I am sure thought has been put into that and I am sure that the LGA—

Q34 **Steve McCabe:** It should have been. I am just asking that if you think the evaluation is a bit of an afterthought and it might send you to sleep, why are you confident that there is a lot of thought going into that part of the design?

Councillor Serjeant: The challenges and the barriers are very common themes across most authorities. The lead authorities are either combined authorities or unitary authorities or district councils like ours. I think that a range across those gives some surety that we are reaching across the different types of councils and authorities that have been involved in this and gives a sample of what have been very common themes, as I have already outlined, as being some of the barriers and challenges.



Sam Avanzo Windett: Can I add an ask of the Committee, if it is able to use its powers, that there is provision within the evaluation strategy for randomised control trials? That does not work for planting trees but it works for getting people into jobs. There was provision for 10 trials to be supported by DLUHC and this was to be decided by summer 2023 but it was for local authorities to put themselves forward, which is no small ask. It would be great to know how many RCTs will be taken forward in the strategy.

Q35 **Steve McCabe:** I think we have heard that. Thank you. Sam, your organisation called in your submission for greater access to data from the programme. A moment ago you cited the example of how many people got jobs and so on. What sort of data would be useful to collect?

Sam Avanzo Windett: A standard quarterly publication of the number of people on provision in any area, the number of people going into jobs, the number of people remaining in jobs. I think that we could have some good case studies and good practice to be collected. There should be a regular data release. At the bottom of this, we know that provision varies greatly across the nations and different areas. We all know that. In some areas there has been great emphasis on the expertise and skills to be able to do this well. We want to ensure that it is the case in every place that people are getting the good services they require. If you could see that and you see in some areas that there may be some discrepancies in the data or you might want to question it, there might be good reason. There might be a completely different group of people being targeted that take longer to get into work, for example, but you need to have transparency to be able to have that level of conversation.

Q36 **Steve McCabe:** Is the sort of data that you are talking about being collected? Is it a question of it being collated and formatted or is it missing?

Sam Avanzo Windett: I think that Richard Rigby alluded to it but some organisations may collect it for their own purposes and in case it is being asked for. I can't see that it could be asked for at this late date of all organisations but it is good that some are collecting it. No, not routinely. A lot of the evaluation is on the process, which is what we have all talked about: are you spending your money, in which location and what is the name of the project? That is not an evaluation.

Q37 **Steve McCabe:** Amanda, what sort of data do the LGA and local authorities get about the Shared Prosperity Fund?

Councillor Serjeant: This being in year three, we are still in the process of planning, commissioning and putting in place. Some authorities have started because they have designed a two-year programme by using other monies. There has been a general call out—for example, some case studies through the officer network—and the website has some of those good examples and talks to people about the good practice and how to share it.



There has been training for different boards. We have had presentations on the LGA boards—my board, for example, People and Places—where people have come to speak to us about this and Shared Intelligence has conducted some research. However, that is a good point: that probably more could be done and the LGA would welcome the opportunity to look at this in greater detail. That is our role, to support our member councils, councillors and officers through this process.

Q38 Steve McCabe: Thank you. Can I ask one further question about the timescale, Chair?

I was thinking about some of the things you said earlier. I do not know if the West Midlands is unusual because it appears funding in the West Midlands goes from DLUHC to the mayor's office through the West Midland Combined Authority, then to the local authority and then to the project. That does not strike me as the most efficient approach. I understand, from a small project that I am aware of, that they are yet to receive the money, but it will have to be spent by March. Is that accurate and is that common?

Councillor Serjeant: I am in the East Midlands, but we are just entering our mayoral deal. We are not up and running fully yet. The shadow authority is beginning.

I think the very late notification and the very short turnaround in time scales has been a common experience. In year one, some authorities did not hear until December about their funding. In year two it was August. All of that cuts down the time scales because that funding at a local level does need to go through our council's decision-making processes, our governance and our scrutiny arrangements, to ensure that what has been designed and going forward meets local needs.

Q39 Steve McCabe: Do the projects then have to spend it by the end of March? Is that accurate?

Councillor Serjeant: That has been the case for those authorities in that area. Without doubt, this is one of the issues that has caused a gap in provision for some people, and it is something that could be improved on.

Q40 Selaine Saxby: To summarise, what are your key asks for future iterations of UKSPF? Who would like to go first?

Richard Rigby: We were talking about underspends. I think in the 2022-23 fiscal year, Freedom of Information requests showed that 43% of UKSPF allocated that year went unspent. I believe the Government have said that it can be rolled over to the following year. I am just checking with colleagues here, but I have definitely seen that in writing. That should continue.

As we have said a few times, the main thing is that we need that certainty for what happens from 2025. For the longer term, we need commissioning periods of at least three years with that advance notice



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and more flexibility between years, so that we do not have the example that has just been given about the West Midlands, so that there is flexibility between years rather than it coming back after every single year unspent and then the troubles about continuing.

We have spoken about the priorities. I think that economic inactivity should continue to be a priority. We know this is going to be a long-running trend. From our perspective, we see that the number of young people who are inactive due to long-term health problems has doubled over the last 10 years. This is a trend that is not going away, so the fund continuing to focus on that is right.

There are a lot of welcome things that we will hopefully pick up through the evaluation of what has worked well. We are probably not going to get that in time for the next iteration, but I hope we can bring some stuff together in the meantime that can inform the next development of the fund.

Sam Avanzo Windett: Going back to the single pot for employment skills in a devolved area, better reporting requirements and better evaluation across the programme, longer-term funding—I can only reiterate. Not all the ESF programmes were for 10 years. They were not all that long. Some of them were much shorter, but we had the certainty of funding, which is effective for local areas, and makes a difference for providers.

There are some examples of long provision, seven plus years of provision in some areas where it is embedded. It is not here today, gone tomorrow. It is well embedded with community partners, and with people who need the service. It has built momentum. We are seeing that getting worse, not better. We are getting ridiculously short contracts where there is a lack of understanding about the time it takes to set up a service and run down a service and the full running of that service may only be a couple of months in the middle. We need longer-term surety of funding and longer-term provision from it and then that better alignment, which I think the Shared Prosperity Fund had the intention of doing. It just has not got there. Better alignment of services for people, avoiding duplication and spotting those gaps is important.

Councillor Serjeant: I will be very brief because I agree with everything that has been said by Sam and Richard—certainty of funding and one single pot. I would add in not competitive bidding for local government because it wastes time and resource, and a longer delivery time just achieves better outcomes and have it align with other funds that the Government have given out as well, so that there is synergy between those things as well and they can all have the same impact but a longer point for the delivery, absolutely.

Richard Clifton: I do not think I can add much more to it. It is about the longevity, but also the alignment with other Government Department



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spending so we do not have overlap, and we then also have some consistency in procurement.

We have talked about sharing best practice and about coming up with a framework that makes it easier for providers to know what evidence they are going to have to collect, and what from a procurement point of view is going to be more standardised. At the moment we have moved from having 30 commission organisations. Now I need to work with 250. That is the scale of change that we have potentially had, so having some more standardisation across that would be sensible.

Q41 Selaine Saxby: Thank you. Quite specifically, when is confirmation needed on whether and in what form UKSPF will continue beyond 2024-25?

Richard Rigby: We received a financial statement today. I am not expecting that we can get it sorted that fast but by the next statement, so by spring. The spring budget is the time when we need confirmation. That is a year in advance of when the current system will be coming to an end. As soon as you get talking about when a spending review might be in the autumn that is too late, especially if there is an autumn election. It pushes it deeper into the autumn. It is too late. We need this from the spring.

Q42 Nigel Mills: Would it be fair to say, after all those suggestions you just made, that actually you do not want this funding to be in the Shared Prosperity Fund, you would rather it was in some mainstream actual budget so that you were not having these uncertain cycles all the time?

Councillor Serjeant: As I said before, the LGA would like to see a multi-year single pot of funding for local government. The emphasis on skills and employability is an important one, but there probably is a more efficient way of doing this that would make things align. Rather than having lots of different pots at various times, requiring resource and planning, we could have that all put together into one.

As Debbie Abrahams said earlier, these things do take a lot of skilled officers' time to co-ordinate and to plan, and there probably is a more efficient way that local government can do this, but they can only do that if central Government enable us by giving us a multi-year funding settlement.

Q43 Nigel Mills: In my 13 years, not far from Chesterfield, I am not sure if the need has gone up or down. It is one of those things that is there every year. As the economy moves it is slightly different, but it is not like you could say, "Oh, in three years we won't need this." We are going to need it for as long as we can foresee it, aren't we?

Sam Avanzo Windett: That was a good thing about the European social fund. It was not tied to political cycles in any way, shape or form. I think we should be bold in thinking, "It was possible under ESF. What could be possible?" Everybody talks about three-year cycles because that is what



the comprehensive spending review cycle is. So, what is the art of the possible here? Why don't we push a bit harder on what is possible for the longer term?

Q44 Nigel Mills: My recollection, Sam, was that every five years for some funds you would get a gap while the new Commission was being formed, and they would have apprentice providers going mental because they could not get any funding to finish apprenticeships or start any new ones and would be begging colleges to find a different pot. It would not be entirely different from this, financially.

Sam Avanzo Windett: What we have at the moment is sort of one year. Yes, you often do get some between funds. ESF, in and of itself, because it went through LEPs took some time to set up, but this has been even longer. As Richard alluded, from the 2017 manifesto to when it happened, we had five years, nearly six years of designing this and going backwards and forwards through local authorities. That element has become much more complicated for sure.

Q45 Nigel Mills: There used to be a European social fund and there was a mass panic that there would not be one, so we tried to copy and tweak it a bit, even though it is not a very clever way of funding what is effectively a key part of our economic need and employability need. It just seems to me to be a mistake. We should have done it differently.

Sam Avanzo Windett: I am not sure if how it worked was the best way, in particular with the lead Department not being the expert on employment and skills.

Q46 Nigel Mills: Then there is the structure. I used to be a district councillor, so I know. I will accept the argument that they know their place best in the multi-tier structure we have but, hand on heart, I would prefer a quality provision in Derby and Chesterfield for my young people or whoever to go to rather than trying to cobble something local together because it is local. Have we made this a little too local if we are not careful?

Richard Clifton: This was my point about having a mixed economy. You are absolutely right. I think you do need the national infrastructure, so you have a standardised approach. That can be done at a regional level as well. It does not have to be just a national one-size-fits-all, but there is benefit to some of that local element as well. You do need that mixed economy because there are certain things within certain communities, even down to ward level, that you want to tackle and actually support.

You are right that district and local authorities are the best ones to do that. However, that should complement the national programme so you do not end up with a postcode lottery because along with the risk we have with devolution in general, we do risk that postcode lottery of some areas getting better support than others. That is the exact opposite of what we all want to achieve.



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Councillor Serjeant: Obviously, we are always delivering high-quality training in Chesterfield and people from other parts of Derbyshire are welcome.

From the perspective of my role as deputy chair of the People and Places board, I think we also need to reflect on the fact that in many areas it is very difficult for people to travel. If we are looking at people who face mental health barriers and physical health barriers to work, the more locally that provision can be delivered, the more successful potentially the impact can be. It is also about work readiness. A lot of the programmes that colleagues have discussed are about getting people into a place where they begin to think about work.

We have local community providers as well, adult education centres that are based very locally, for example, which are also quite well placed to do that. In many parts of England, transport is a huge issue that affects people's ability to access. I would not want to be coming from your area to Chesterfield on an electric scooter because, while that might work in urban areas, in rural, semi-rural and market town areas it is just not a potential possibility. Transport does need to be looked at as part of that.

The LGA would absolutely argue that all things are intertwined and have local solutions, but there is definitely a place for both, definitely. As people move on to different types of provision, they go to the bigger, larger centres of excellence, but more local provision on their doorstep can be that very first step.

Q47 **Chair:** Can I just go back to what you were saying earlier about the timing of the announcements? You said it was December one year and then August the next. So which years are we talking about? When was the December one?

Councillor Serjeant: That was year one. The year one for the locality, place type funding for communities. Some areas only—

Q48 **Chair:** So that was December 2020—

Councillor Serjeant: 2022.

Chair: December 2022?

Councillor Serjeant: We are in 2023 now.

Q49 **Chair:** The announcement was December 2022 and then the following year it was August—this year, was it, August 2023?

Councillor Serjeant: In some areas, yes. Not all areas, but for some areas that is when they received their final funding settlement.

Q50 **Chair:** What was announced in December 2022 was funding for which financial year?



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Councillor Serjeant: For that financial year so it was already three-quarters of the way through the year.

Chair: That was when the funding was announced.

Councillor Serjeant: It had to be spent within that year, and that was one of the reasons that caused a lag and underspend for many councils.

Q51 **Chair:** In reality, quite a lot of that money just did not get allocated by the local authorities to providers, did it?

Councillor Serjeant: This has been one of the challenges that councils faced, trying to get that money out the door in such a very, very short time. If they had certain things in place, if they had the relationships and they had a big enough team to reactively put those things in place they were more successful. If they didn't it was much harder, and not all councils were able to do it.

Q52 **Chair:** Then for this financial year, announcements came in August, again to be spent by the end of March?

Councillor Serjeant: Yes, and then flexibilities were given in March for the year three spend.

Q53 **Chair:** What did that flexibility amount to?

Councillor Serjeant: That meant that you could bring forward the year-three skills and employability money. You could bring that into year two. You could begin earlier. Originally the three years were staged with the skills and employability money only for year three, which was a frustration for many areas because they would have liked to have begun all three strands at the same time.

Chair: Yes. Thank you very much indeed. That concludes the questions we have for you. Thank you all very much for being willing to come and speak to us this morning and for the very helpful information you have given us. That concludes our meeting.