



Department for Levelling Up,
Housing & Communities

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Thank you for your letter of 8 March and for meeting with me on Tuesday 12 April. I wrote to you separately on the launch of the UK Shared Prosperity Fund but I wanted to take this opportunity to answer your specific questions below.

How much ERDF and ESF remains to be paid out

We have committed to ensuring that all places will receive an allocation from the UK Shared Prosperity Fund (UKSPF), recognising that even the most affluent parts of the UK contain pockets of deprivation. The annual UKSPF budget is sufficient to ensure that total funding – allocations of UKSPF and remaining EU funding – is no less than the annual average of EU funding, across the UK. Our allocations follow the same profile across nations and local areas.

The UK Government published the UK Shared Prosperity Fund Prospectus on 13 April 2022, where we set out the allocations and a methodological note to explain how we calculated them. The Prospectus and supporting documents are available on GOV.UK. We made allocations to each nation to ensure a real-terms match of EU structural funds. Our methodology ensures that local allocations in each nation are high enough in the early years to make delivery viable. The full allocations model was also published yesterday on GOV.UK.

Rationale for matching funding in Cornwall to ESF and ERDF funding

UK-wide, funding for the UKSPF will ramp up to £1.5 billion per year by March 2025. Alongside commitments to support regional finance funds across the UK via the British Business Bank, this upholds the UK government's commitment to match EU structural fund receipts for each nation.

Cornwall (alongside West Wales and the Valleys in Wales) was identified as a convergence region by the EU, meaning it is an area designated as less developed and with a significant regional disparity. The Growth Programme was an economic regeneration programme for Cornwall and Isles of Scilly which ran for the period 2014-2020, funded by the European Structural and Investment Funds (ESIF). The project is worth over €600 million. Over a hundred projects have received funding through the Growth Programme to improve the quality of life of Cornish citizens. Although the UK has left the European Union, the latest funded projects will continue up until 2023.

Reflecting the special status of Cornwall under the EU funding regime, the Government committed to matching structural fund receipts – and the Prospectus published on 13 April upholds this commitment.

Total sum of money paid out to England in 2014-2020

The attached letter to Local Enterprise Partnership Chairs and MPs on UK allocations of EU Structural Funds for 2014 to 2020 refers to The Equality Impact Assessment (EIA) undertaken by The Department for Business, Innovation and Skills (BIS). Following the EIA, BIS was satisfied that the original allocations of EU Structural Fund were still appropriate, as was the method used to make the allocations. It is worth noting that, as the letter states, the European Commission “confirmed the overall UK allocation at a figure which [was] slightly lower than previously indicated” and, as a result, England and the Devolved Administrations saw an equal real terms cut in funding compared to 2007-2013.

How UKSPF is distinct from existing funds

The UK Shared Prosperity Fund forms part of a suite of complementary Levelling Up funding. It builds on the competitive Levelling Up Fund and Community Ownership Fund through allocations to all local places. Its mix of revenue and capital funding can be used locally to support a wide range of interventions to build pride in place and improve life chances.

Levelling Up Fund investment should be used to fund larger, one-off regeneration projects whereas the UK Shared Prosperity Fund is more flexible and can be used to fund smaller local projects across a wide range of investment priorities.

I hope I have managed to answer the committee’s questions.

A handwritten signature in black ink, appearing to read 'Neil O'Brien', with a stylized flourish at the end.

NEIL O'BRIEN MP