Work and Pensions Committee

13 December 2023

Rt Hon Michael Gove MP
Secretary of State for Levelling Up, Housing and Communities
(By e-mail only)

Dear Michael,

People and skills and the UK Shared Prosperity Fund

The Work and Pensions Committee held a session on 22 November to get initial feedback on how the people and skills investment priority of the UK Shared Prosperity Fund (UKSPF) is working. I hope that the whole transcript will prove useful to you and your officials.

In this letter we seek to draw out some key points and questions for your consideration. We mainly refer to this funding under the umbrella term UKSPF—given my Committee's remit we are interested in the people and skills element of this funding, though we recognise some of the points we raise could apply to UKSPF more generally.

UKSPF to 2024–25

It was clear from the evidence we heard that the delay in announcing that UKSPF funding could indeed be spent on the people and skills investment priority in financial year 2023–24 has proved problematic for lead local authorities and providers and has also affected service delivery. This has been further compounded by lead local authorities receiving the money to be defrayed well into the financial year—with some authorities not receiving their allocated money this financial year until August (Q38). This is particularly concerning given that UKSPF-funded programmes support economically inactive people (Qq4–5, 8, 13 and 21). I would therefore be grateful if you could set out:

- **when lead local authorities will have their UKSPF funding confirmed for 2024–25; and**
- **when is the latest date by which lead local authorities will receive their funding for 2024–25.**

We also heard from some providers that matched funding from the UK Government, local government and businesses for UKSPF appeared to be lower in practice than it had been with the European Social Fund (ESF) (Qq 3–4). I would be grateful if you could set out:

- **any data the Department has on the levels of matched funding for UKSPF and how this compares to ESF; and**
- **an explanation for why the Government thinks that matched funding for UKSPF differs from that for ESF.**

It is important that the Government can evaluate how UKSPF money is being spent and providers can assess the impact of their services and what they achieve. We were therefore surprised to hear that providers are not routinely asked to provide performance data to lead local authorities, though some were collecting this anyway, and some felt that evaluation should have taken place from the start and look more at outcomes than processes (Q31). I would therefore be grateful if you could set out:

- **what information, if any, providers are expected to collect on the outcomes of their programmes for either the lead local authority or for the Government;**
- **when the Government plans to publish the outputs proposed in the UKSPF evaluation strategy;**
- **whether the UKSPF evaluation will be published before any future iterations of UKSPF are announced; and**
- **how many people have a) been engaged and b) moved into work through the people and skills element of UKSPF in 2022–23.**

UKSPF beyond 2024–25

There is uncertainty on what will happen to UKSPF after 2024–25, the year until which funding has currently been announced. In our evidence session, we heard that confirmation is needed by the Spring Budget on future funding (Q41). **When does the Government intend to make an announcement on the future of UKSPF beyond 2024–25?**

We also heard that the short-term nature of the funding made it difficult to deliver some interventions and retain and attract specialist staff (see for example Q13). The one year funding under UKSPF is in contrast to the much longer funding allocated under ESF. **Should UKSPF continue beyond 2024–25, will the Government give consideration to having longer funding periods?**

There were mixed views on whether the right balance had been struck between devolution and a national framework. While local delivery of services was welcomed by some, funding being devolved below regional level meant that providers were having to make many more bids than under ESF with applications processes and timescales varying (see for example, Q18). It would be helpful if you could set out:

- **whether in any future iteration of UKSPF, the Government intend to review who the money is devolved to for defraying; and**
- **the Government's estimates of cost to i) lead local authorities; and ii) providers, of defraying or applying for UKSPF funding.**

I would be grateful for your response to these points by Wednesday 17 January 2024. As is usual practice with the Committee's correspondence, I will be publishing this letter and your response on the Committee's website.

I am copying this letter to the Secretary of State for Work and Pensions, Rt Hon Mel Stride MP, and the Chair of the Levelling Up, Housing and Communities Committee, Clive Betts MP.

Yours sincerely,

Rt Hon Sir Stephen Timms MP
Chair, Work and Pensions Committee

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