

Written evidence submitted by Bristol City Council [FFL 023]

1. About Bristol City Council (BCC)

1.1. Bristol is the 10th largest city in Great Britain and is England's regional capital for the South West. It is one of the country's 'core cities' with an estimated population of over 463,000, projected to reach nearly half a million by the end of the decade.

1.2 The city is renowned for being innovative, with the fastest growing and most globally significant tech cluster in the UK and the highest business start-up and survival rates among major UK cities. Before the Covid-19 pandemic, we had a thriving economy, contributing £14.7bn to the UK economy; the only UK city other than London to make a positive net contribution to the Exchequer.

1.3 Bristol's overarching success should not be mistaken for universal affluence, as is sometimes reflected in Government formulae. It is also a city of contrasts, where some of the most deprived areas border the most affluent. Deprivation data shows that Bristol has 41 areas in the most deprived 10% in England, including three in the most deprived 1%.

1.4 The council has a unique ability to convene a wide range of partners and engage citizens in effective place-making. Our support and contribution to the partnership 'One City' model and overall approach to city planning and governance is an example of how we seek to match productive communication with real action. The council's relationships with the people we serve, the city we steward and the partners we wish to collaborate with are integral to our ability to deliver our vision for Bristol, including our economic recovery.

2. What are the challenges of competitive bidding and will this impact areas with limited resources and capabilities for bidding?

2.1. Whilst funding is welcome, the current approach undermines our strategic planning and navigating a complex and fragmented funding landscape adds extra burdens at a time of significant financial challenge for local government. Councils including Bristol City Council (BCC) frequently have to consider the risk of investing significant time and revenue resources that cannot be spared into processes that are not guaranteed to deliver any local benefits.

2.2. In the majority of cases, competitive funding pots have a long and constricting list of conditions that have to be met. The proliferation of pots is often very specific, short-term, and competitively accessed with stipulations that don't best enable strategic decision making at the local level. Research by the LGA found that in 2017/18, nearly 250 different grants were provided to local government¹. Half of these grants were worth £10m or less nationally with many being highly specific with little flexibility.

2.3 If places are to be truly effective in delivering place-based policies and tailored services that demonstrate good outcomes, then the funding model needs to match local plans and decision-making, for the short, medium, and long term. There are differing resources within and between councils when it comes to bidding. If departments are to follow this model, processes need to be consistent to allow bidding teams to work most effectively, thereby reducing the reliance on external bid writers and associated additional costs.

¹ [Fragmented Funding - report | Local Government Association](#)

2.4 Competitive funding can also reduce the chances of learning from best practice from other local authorities as bidding leads to a competitive environment between councils, instead of a joined-up, cooperative approach. The UK should be looking at how best to work with the Core Cities in particular as a collective asset that can work together to solve the challenges and opportunities posed by levelling up.

2.5 The effect of bidding is exacerbated further as we are now in an environment of concurrent pressures, with councils' core funding, in real terms, reduced whilst the grant landscape continues to require local authorities to bid between themselves. BCC would support the LGA view that *"Competitive bidding for short-term, small pots of funding creates uncertainty and uses up vital resources in councils, which could be better spent on planning ahead for their communities."*

3. How does levelling up funding integrate with other funding streams such as the Towns Fund, the High St Fund, the Sustainable Transport Fund etc?

3.1 As set out above, the bidding processes have resource implications for local authorities and the current approach does not support effective, strategic planning. The individual timelines accompanied with no guarantee of funding and lack of flexibility often inhibits the effective use of central funding pots in a complementary way.

3.2. A more integrated approach toward funding would be welcome and would better support measures that aim to maximise local growth in places, as well as the wider opportunities levelling up funds could afford. Tailoring bids to a specific national criterion often means bids may not reflect specific local needs and this can also prevent a holistic and joined up approach with partners.

3.3 Delays in confirming successful bids - most recently seen with the Levelling Up Fund - also suggests issues of central bureaucracy and political uncertainty, that can inhibit delivery and prevents councils from being an effective local partner. The Council would recommend the committee consider capacity in central Government to review and approve expenditure and how this ultimately can impact project delivery and effective integration with existing funding streams.

3.4 The range of place-based programmes that have been delivered over the last two decades and the learnings from them also provide significant opportunities for central and local government to explore a new model of place based investment.

4. How can the Government achieve its aim of streamlining funding for Levelling Up?

4.1 Levelling up is a vehicle that could lead to the streamlining the number of competitive funding pots and granting local authorities greater local discretion on how funding is spent. Ultimately, the need for further financial devolution is key to reaching this aim.

4.2. The Levelling Up White Paper identified that the current funding system has *"led to a patchwork of fragmented funds, separate but often overlapping"*. Whilst the intention to review the growth funding landscape is welcome, at the time of writing, there has been minimal evidence locally of this work being undertaken by central government, nor any co-design with local authorities.

4.3 BCC would welcome greater recognition of the value in empowering place-based decision making with accompanying resource and flexibilities. There may also be an opportunity for the Government to include a specific metric against Mission 12 to quantitatively measure the streamline of funding taking place, as part of delivering national ambitions for local devolution.

5. Is the UKSPF a sufficient replacement of the European Structural Investment Funds?

5.1 It is widely recognised that the UK Shared Prosperity Fund (UKSPF) does not currently match the same quantum of funding that had been available via EU structural funds. Cities also had their own specific funding streams from European funding that focused on innovation, such as Urban Innovation Action and URBACT. This created a space on a national and international level where knowledge and best practice sharing was encouraged as part of the funding model. It is yet to be seen how much UKSPF will replicate this type of activity.

5.2 In Bristol, the Mayoral Combined Authority is the lead authority for UKSPF. This allows for a joined-up regional approach to funding and some local flexibility. It also means adopting a regional lens to a local fund the intent of which was directing funds straight to local places. The lead authority model risks diluting the opportunity for a fully targeted approach to areas of local need, in comparison to the EU structural funds that enabled both. Structural funds also provided the opportunity for a wider range of public sector bodies to apply for funding, for example research institutes for innovation grants - these opportunities are now not available.

5.3 Bristol is a city of sanctuary, an approach that supports how the city welcomes refugees, asylum seekers and migrants. The UKSPF currently does not include a focus on migration and inclusion, which was covered within the Structural Fund. Previous funding was also responsive to changing contexts in this regard e.g. where areas saw the arrival of larger numbers of specific migrants e.g. Hong Kong. The UKSPF currently does not consider nor flex to this context and in not doing so, may impact on local integration and maximising the support of local communities.

6. What is your assessment of the Levelling Up Fund, and what improvements could be made, with reference to:

- **The bidding process**
- **Feedback on unsuccessful and successful applications**
- **Transparency**
- **The impact of inflation**

6. 1. As this submission details, BCC supports calls for a move away from competitive bidding as the default option from central government. We support the recommendations made by the Public Accounts Committee in its recent report 'Supporting Economic Growth'² which set out the importance of transparency and constructive feedback for successful and unsuccessful applications.

6.2. Certainty and timeliness is also important. The second round of the Levelling Up Fund included a requirement for bids to be able to demonstrate spend from the Fund in the 2022-23 financial year, which informed the projects the Council put forward. The Autumn Statement on November 17th confirmed bids will now be announced before the end of the year at the earliest, a delay from the original intent to confirm bids in Autumn. With the impact of inflation and cost of goods impacting the capital programme of both central and local government, further delays and uncertainty only adds to the increasing challenge of delivering local capital projects.

7. How should the success of Levelling Up funding be measured against the Government's desired outcomes for Levelling Up?

7.1. The language around 'levelling up' often focuses on its impact on regional inequalities with a focus on a divide between the north and south - phrases such as 'red wall' and 'left behind areas' have entered common discourse. Yet the indicators that often contribute to this narrative - for

² [Local economic growth - Committee of Public Accounts \(parliament.uk\)](https://www.parliament.uk/publications/2022/12/12-local-economic-growth)

example, the Government's 'Index of Priority Places' - often make these assessments using only a macro-aggregate of a local authority, capturing data and insight at Bristol-wide level only. For example, for the Levelling Up Fund and Community Renewal Fund, Bristol was reviewed at the unitary level and placed in category 2, categorised as a non-priority area and received no bid development funding. If Bristol South (parliamentary constituency) or wards within this area of the city had been considered, the area would have met the threshold of a category 1. Government's levelling up funds are described as targeting local areas but fail to effectively consider need in how these funds are proportionately allocated.

8. Will the Government's approach to funding for levelling up achieve its objective of levelling up the country?

8.1 There is a disconnect between changes to funding referenced in the Levelling Up White Paper and delivery of this in practice. UKSPF is still in its early stages, in comparison to the longer-term European funding that came before it. However, evidence to date indicates it is not matching the quantum of investment received via European funding model – it is therefore difficult to envisage how this reduced amount of funding will lead to 'levelling up', when previous European funding was already based on providing the largest funding to the areas with the greatest need.

8.2 If the commitment to simplifying the complex funding model delivers, this will be a positive step toward the Government achieving its levelling up objective. Any change in funding would need to occur alongside a larger modal shift in behaviour away from a centralised approach to governance in the UK. Without sufficient long-term funding and flexible models for local government finance, place-based decision making will continue to be diminished.

END

November 2022