Written evidence submitted by Stirling Council (SPF0014)

UK Parliament - Call for evidence

Scotland and the Shared Prosperity Fund

Terms of reference: Scotland and the Shared Prosperity Fund

Call for evidence

The Committee calls for evidence for the inquiry to be submitted on the following:

What are the implications of the financial assistance powers in the Internal Market Bill and the announcements made by the UK Government in the 2020 Spending Review for the delivery of the Shared Prosperity Fund in Scotland?

Introduction

In 2015, Stirling Council as Lead Partner made applications to the Scottish Government as part of the 2014 – 2020 European Social Fund (ESF) Programme against two of these Strategic Intervention themes. These were given approval in November 2015 (phase one) and subsequently progressed to phase two extension in January 2019. The programme is funded until December 2022.

For examples of Stirling Council's operational applications (internal service provisions) approved by Scottish Government to deliver these interventions, please visit our web pages here.

As an active and successful Lead Partner in the current and previous ESF Programmes, Stirling Council welcomes the opportunity to respond to this call.

Stirling Council's answer

Following the publication of the Spending Review in November 2020 by the UK Government, clarification is needed to better understand the implications of the Shared Prosperity Fund in Scotland:

Funding for the UK Shared Prosperity Fund (UKSPF) will ramp up so that total domestic UK-wide funding will at least match receipts from EU structural funds, on average reaching around £1.5 billion per year.

The £1.5 billion per year must be distributed within the four nations ensuring the amounts are similar to existing allocations used by the EU Structural funds and must be based on need.

Examples of indicators that should be considered would be Disposable Income or Regional Human Poverty Index (RHPI) which combines social exclusion, knowledge, a decent standard of living, and a long and healthy life in addition to those mentioned above.

Any successor fund should take into consideration a wider range of measures that better capture poverty and inequality between regions. In addition, allocations should not be less than the existing 2014 - 2020 share for these funds: European Regional Development Fund €476M and European Social Fund (ESF) €465M for Scotland.

Duration of projects should be at least the same as the current structural funds (7 years) as this is very important for project continuity, financial security and for projects to have a long term effect.

A portion of the UKSPF will target places most in need across the UK, such as ex-industrial areas, deprived towns and rural and coastal communities. It will support people and communities, opening up new opportunities and spurring regeneration and innovation. Its funding profile will be set out at the next Spending Review.

If including rural and coastal communities this implies LEADER funding is also included within the UKSPF. The £1.5 billion floor should be higher to include for a LEADER replacement funding.

No detail as to how Poverty and Social Exclusion (PSI) will be targeted using the UKSPF has been provided and this strategy should not be left outside this fund.

The ESF focusses in people and how to improve employment and education opportunities across the EU. It also aims to improve the situation of the most vulnerable people at risk of poverty.

There is still a great deal of work to be done in order to achieve ESF outcomes as too many people in Scotland are far removed from overcoming in-work poverty, accessing work, and services provided by local authorities and government.

If UK Government Strategies are focused in business productivity, they should also invest in people and employment sustainability in order to achieve similar ESF outcomes.

A better alignment would be to Scotland's Fairer Scotland, Inclusive Growth, Public Health Outcomes and Economic Development Strategies.

Additional UK-wide funding to help local areas prepare over 2021-22 for the introduction of the UK Shared Prosperity Fund (UKSPF) delivered by the Ministry of Housing, Communities and Local Government and the Department for Work and Pensions.

Will these two organisation also deliver the fund beyond 2022?

Will the UKSPF bypass devolution?

There is a risk associated with having the DWP involved in fund delivery, particularly under the **invest in people** priority. Delivery must be impartial and carried out by experts. The DWP has not lead any interventions in recent Scottish European Social Fund Programmes, therefore lacking the experience of many Lead Partners across the country.

There is a conflict of interest if DWP manages both: employment registers and support into the pipeline. This can be avoided if delivery is delegated to impartial experts, and experienced organisations and local authorities.

Clients under the current PSI, are rarely referred via the DWP and are unlikely to contact the DWP in the first instance. This will exclude a huge number of clients from accessing the new fund. This will contradict the aim of the UKSPF to ‘level up’.

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