

Letter from the Convener to the Chair of the Scottish Local Authorities Economic Development Group of 4 October 2021

Dear Chair

The Finance and Public Administration Committee has agreed to undertake some preliminary work into the replacement of EU Structural Funds in Scotland, building on our predecessor Committee's work in Session 5.

As you will know under the previous EU funding approach Scotland was allocated up to €944 million in structural funding for the 2014-2020 EU budget framework. Whilst Scotland will receive some funds under the 2021-2027 EU structural funding programme, the UK Government has since launched replacement funding programmes including the Community Renewal Fund. This fund operates until March 2022 and is disbursed using a competitive process. In Scotland the funding is managed through local authorities with some identified as priority places for funding.

The UK Government has also committed to a UK Shared Prosperity Fund to start in April 2022 with its purpose set out in a framework, yet to be published. The UK Government announced in March 2021 a Levelling up fund which sets aside £800 million for Scotland, Wales and Northern Ireland. This fund will operate until March 2025 and will be delivered in Scotland through local authorities each of which are classified according to their need into one of three categories, with '1' being in most need.

Taken together these funds represent a potentially significant level of funding to be spent in Scotland, most likely in devolved areas. The Committee is therefore keen to understand the experiences to date of Scottish local authorities in accessing the funds available under the Community Renewal Fund and the Levelling Up Fund. We are therefore seeking the views of SLAED on your experiences of these two funds including in the following areas:

- The approach taken to identifying areas of greater need or priority;
- The process of bidding for funding including the types of projects funding has been sought for;
- How successful local authorities have been in securing funding;
- The appropriateness of any timescales and criteria which determine when, how and on what funding must be spent;
- What has worked well and what needs to be improved in terms of future funding approaches; including the extent to which the new and

emerging, (multi government) landscape of economic development will enable effective use of public funds;

- The sustainability of funding for the longer term operation of projects or capital investment delivered under these funds;
- The evaluation and accountability mechanisms in place or proposed to assess the effectiveness of any funding provided.

The Committee will write separately to each local authority to seek their views as well.

Whilst EU Structural funds were disbursed through the Scottish Government, the Community Renewal Fund and the Levelling Up fund are, in Scotland, being made available from the UK Government direct to local authorities. The Committee seeks SLAED's views on this approach including its impact on spending in devolved areas by the Scottish Government, its potential impact on fair funding across local authorities, and how effective this approach will be in supporting national outcomes such as those set out in National Performance Framework.

Finally whilst the UK Shared Prosperity Fund (UKSPF) will begin in April 2022 we would seek any details on any liaison SLAED's membership has had with the UK Government regarding its approach to and operation of the UKSPF. The Committee has also agreed to seek evidence from the UK Government following the announcement of the Spending Review and Autumn Budget 2022/23 when it will "set out levelling up across the UK."

We would welcome a response by no later than Monday 8 November 2021. Please do not hesitate to contact Jane Williams, Senior Assistant Clerk to the Committee, should you have any queries or wish to discuss this further.

Yours sincerely

Kenneth Gibson MSP
Convener
Finance and Public Administration Committee