



The Scottish Parliament
Pàrlamaid na h-Alba

Finance and Public Administration Committee

Sir Mark Hendrick, Mr Philip Hollobone MP,
Mrs Sheryll Murray MP, Ian Paisley MP
Chairs
Levelling Up and Regeneration Bill Committee

By email:

All correspondence c/o
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6 October 2022

Dear Chair

The Finance and Public Administration Committee has a key role in examining the public finances in Scotland, as well as the overall context within which spending decisions are being taken. As such, we have undertaken scrutiny of the replacements for EU funding including the UK Shared Prosperity Fund and the Levelling Up Fund. Of particular interest are how effectively these funds will be spent in Scotland, the outcomes they will achieve as well as their impact on the Scottish Government's spending plans.

On 24 February 2022 we took evidence from the former Secretary of State for Levelling Up, Housing and Communities, the Rt. Hon. Michael Gove MP, on these funds. At that time, he committed to share "as much data as possible" about how the UK Government operates this funding, to enable the Committee "to scrutinise effectively whether the resource being allocated is fair, predictable and being spent effectively". In the interests of supporting this effective scrutiny and having a clear overall picture of public spending in Scotland, the Committee agreed to explore a more formal reporting role for the Scottish Parliament in relation to these Funds, including through the Levelling Up and Regeneration Bill.

We have now written to the newly appointed Secretary of State, the Rt. Hon. Simon Clarke MP inviting him to give evidence on the UK Shared Prosperity Fund (UKSPF) given this fund is now operational.

At our meeting on 4 October 2022, we also agreed to draw your Committee's attention to the Finance and Public Administration Committee's ongoing interest in these funds, and to our interest in a more formal reporting role to the Scottish Parliament, given the provisions of part 1 of the Bill. I have therefore attached a copy of the Committee's letter to the Secretary of State for Levelling Up, Housing and Communities for information.

Yours sincerely

Kenneth Gibson MSP
Convener,
Finance and Public Administration Committee

Letter from the Finance and Public Administration Committee to the Secretary of State for Levelling Up, Housing and Communities, the Rt. Hon. Simon Clarke MP, 5 October 2022.

Dear Secretary of State

Congratulations on your appointment as Secretary of State for Levelling Up, Housing and Communities.

As you may be aware your predecessor gave evidence to the Scottish Parliament Finance and Public Administration Committee on 24 February 2022 in relation to replacing EU Structural Funds in Scotland. At that time we very much welcomed the Secretary of State appearing before the Committee to respond to questions on the UK Government's approach in what was a constructive discussion. As the former Secretary of State highlighted "the more that UK Government ministers can appear in the Scottish Parliament to answer your questions, the more that demonstrates how devolution can and should work."

The Finance and Public Administration Committee has a key role in examining the public finances in Scotland, as well as the overall context within which spending decisions are being taken. As such, the UK Government's plans in relation to the Shared Prosperity Fund and how the Levelling Up Funds are operating in Scotland, as well as their impact on the Scottish Government's spending plans will be key elements of our financial scrutiny going forward.

In our letter of 30 March to your predecessor we very much welcomed his commitment at the meeting of 24 February to share "as much data as possible" about how the UK Government operates this funding, to enable the Committee "to scrutinise effectively whether the resource being allocated is fair, predictable and being spent effectively". In the interests of supporting this effective scrutiny and having a clear overall picture of public spending in Scotland, the Committee agreed to explore a more formal reporting role for the Scottish Parliament in relation to these Funds, including through the Levelling Up and Regeneration Bill.

We also confirmed in our letter of 30 March that we would seek to explore the UK Shared Prosperity Fund (UKSPF) with the Secretary of State once the fund had been finalised and the funding awarded. Given this fund is now operational we invite you to give evidence to the Finance and Public Administration Committee, this year, on the approach to the UKSPF and the progress made with the Levelling Up Fund.

The clerks to the Committee are happy to liaise with your officials over a suitable date. A copy of this letter has also been provided to the Scottish Parliament's Net Zero, Energy and Transport Committee; Local Government, Housing and Planning Committee; the Public Audit Committee and the Welsh Parliament's Finance Committee given their interest in this area.

Finally, I draw your attention to our recent [Report on the National Performance Framework: Ambitions into Action](#) and to paragraph 155 in particular, which recommended that-

"Since the NPF was introduced in 2007 public sector spending and tax raising in Scotland has become much more complex. There is also now a potential for a significant level of UK Government funding to be spent in Scotland which

does not necessarily reflect the priorities in the NPF. Given this, we consider that the UK Government should take account of the National Outcomes when considering its spending in devolved areas.”

The Committee would welcome your response to this recommendation.

Yours sincerely

Kenneth Gibson MSP
Convener
Finance and Public Administration Committee