

Finance and Public Administration Committee

Replacing EU Structural Funds in Scotland

Written Submission from Falkirk Council

1. The approach taken to identifying areas of greater need or priority

The UK Gov identified a list of the top 100 priority places across Great Britain based on an index of economic resilience.

- The UK Community Renewal Fund prioritised applications that targeted the top 100 places where they also demonstrate a good contribution to strategic fit and delivery/effectiveness. Other areas not identified as a top 100 place were also encouraged to apply.
- The lead authority of each of the 100 priority places also received capacity funding to help them invite bids locally and appraise these bids. This was welcome given existing resource pressures.

General principles applied to priority places considered places that suffer from weak economic performance and are less equipped to resist and recover from shocks. The criteria used measured factors that contribute to economic resilience and directly targeted by the local growth. Data used is publicly available, so that the calculations behind rankings are fully transparent. Any comparison of need between places across Great Britain should be made using a consistent set of GB-wide metrics only.

A place's index score was based on the following criteria

Productivity 30%
Skills 20%
Unemployment Rate 20%
Population Density 20%
Household Income 10%

The indicators used to measure these criteria were:

The natural logarithm of the nominal smoothed Gross Value Added (GVA) per hour worked (2018)
The natural logarithm of the Gross Disposable Household Income (GDHI) per head at 2017 prices (2017)
The proportion of those aged 16–64 with no qualifications (NVQ) (2019)
The ONS model-based estimate of the unemployment rate among those aged 16+ (July 2019 - June 2020)

The natural logarithm of those aged 16-64 per squared km of land area (high water excluding area of inland water).

Falkirk was identified as a top 100 priority place and achieved 40% success award of the number of bids submitted.

2. The process of bidding for funding including the types of projects you sought funding for

The process of bidding was clearly articulated by the UK Gov and outlined within their prospectus published. Falkirk Council submitted bids that nurtured innovative thinking and offered flexibility and our projects aligned with one or all of the investment priorities:

- Investment in skills
- Investment for local business
- Investment in communities and place
- Supporting people into employment

90% of funding available through the UK Community Renewal Fund is revenue funding, with a small amount of capital funding. The UK Gov were interested in bids that are either wholly or predominantly revenue based.

In March 2021 Lead authorities were invited to submit bids from a range of project applicants and prioritise a shortlist of projects up to a maximum of £3 million per place. All bids were submitted to the UK Gov on the 18th June 2021 for consideration as per the deadline set.

Below is the dates set by the UK Gov:

3 March 2021

- UK government publishes the UK Community Renewal Fund prospectus.
- The list of priority places and lead authorities in Great Britain is published within the prospectus.
- UK government launches a project competition in Northern Ireland.

18 June 2021

- Lead Authorities in Great Britain submit shortlists of projects to UK government for assessment.
- Applicants in Northern Ireland submit their bids to UK government for appraisal and assessment.
- From 18 June and throughout July, UK government assesses bids.

Late July 2021 onwards

- UK government announces successful projects for the UK Community Renewal Fund.

Falkirk Council received 12 bids and due to the limitation of funding per priority place and each project to be around £500,000 a robust scoring process was introduced to reduce the bids to fit within the capped level of funding available at £3,000,000. As a result 5 bids were submitted totalling £2,782,914 and a 3% management fee was applied at £83,487. The total bids submitted from Falkirk Council as a top 100 priority place was £2,866,401.

The UK Gov set an initial gateway criteria to the fund that each bid had to address. Falkirk Council applied this process and introduced an additional robust scoring process addressing our local economic priority outcomes such as poverty, economic recovery and working in partnership with our communities and fit with all 4 of the UK Gov strategic priorities; investment and skills, investment for local business, investment in communities and place and supporting people into employment. We aligned to the UK Gov's strategic fit addressing innovation and transferability and scale up across other areas.

The process for bidding was extremely resource intensive for recent funding announced by the UK Gov.

The process placed the onus on local authorities to develop a system for inviting and assessing applications – whilst this was supported by information from the UK Government it still took considerable time for officers within local authorities to deliver at a time when resources were already stretched due to COVID response. The timescales for the process were also very tight. Projects were developed and bid for with no assurance of success.

The themes for the UK Community Renewal Fund were not contentious but given the existing employability offer in Scotland (ESF, No One Left Behind etc) it was difficult for projects focussing on employability alone to convince on the issue of additionality. From Falkirk all projects submitted showed additionality and did not duplicate national or local programmes.

3. How successful you have been in securing funding

On 27th October 2021 the UK Government announced the results of the first application round under the UK Levelling Up Fund. 8 Projects in Scotland were selected totalling £171,708,259. This accounted for around 10% of the UK total. Falkirk was awarded £20,000,000 to support the Westfield Roundabout (Transport infrastructure improvement project).

On 3rd November 2021 the announcement of the UK Community Renewal Fund was made and Scotland received £18,428,681 (9%) of the overall funding available £220,000,00.

Falkirk was successful in receiving £1,291,830 that included a 3% management fee.

Falkirk submitted 5 projects totalling £2,866,401 (with a 3% admin fee) and was awarded 40% £2,866,401. Our 2 successful projects are outlined below:

- Falkirk Food Futures, Forth Environment Link

This project aims to work closely with communities and organisations to address food insecurity and build a fairer resilient and sustainable food future. This will be achieved by providing grant funding to enable local organisations to reach those facing the greatest challenges in access to sustainable and dignified food.

- Falkirk's Canal: A Collaborative Pathway to a Fairer & Net-Zero Future, Green Action Trust

This project aims to work as a collaborative partnership which will enable a shared vision of a fairer, net-zero future for Falkirk's Canalside communities. The partnership directly addresses community capacity development, supporting skills, training, education and employment opportunities.

Falkirk Council had 3 projects who did not receive funding that addressed the creative sector, improvement in digital connectivity and support for those communities wishing to transfer ownership of community halls. Unfortunately there is no appeal process. LA's have however received an offer of grant letter that is expected to be returned 10 days from date of letter and given the opportunity to raise issues from their projects that may result in all aspects of the projects not able to be delivered.

The summary outcomes from a Scottish perspective were:

- 28 of the 32 local authorities submitted at least one application to the fund;
- All 13 local authorities designated as "priority places" submitted at least one application;
- In total 176 eligible bids were submitted by Scottish local authorities (about one sixth of the total number across the UK);
- Of these bids 56 (about one third) were successful – the associated grant award was about £18.4m (9% of the UK total);
- Bids originating from priority places in Scotland had a much higher "success" rate (41%) than those from non priority places (16%);
- No local authority was successful in all its bids – 6 were unsuccessful in all their bids; and
- 22 local authorities received approval for at least one of their bids.

4. The appropriateness of any timescales and criteria which determine when, how and on what funding must be spent

As previously indicated the timescale for submitting bids to the UK Government was challenging.

Since March 2021 it was expected that £220,000,000 of funding would be provided to support a number of community projects across Great Britain.

The criteria was clearly articulated by the UK Gov that determined when, how and what funding would be spent. However, a number of projects had to consider the operational delivery impacts that includes recruitment, procurement and paying of grants. The fund has been announced in November 2021 with an extended activity date of end date of June 2022 with payments being made in arrears from end date of programme.

During the delay in announcement, there was increasing concern over damage to reputations, of the applicants, the Council and the UK Government, such was the lack of engagement by the UK Government

The first tranche of grant payments to lead authorities will be made in December 2021 with the balance of grant made on completion from July 2022 onwards.

The issue here is that if there are delays in being paid this will create a cash flow strain on projects, many of which are run by small, third sector organisations. This in turn may lead to requests to local authorities to underwrite the cash flow hiatus.

5. 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

In order to achieve the best results from the expenditure of public funds on the “levelling up” or “shared prosperity” agenda the following building blocks need to be in place:

- Intervention at the right spatial scale;
- Long term, multi annual approach;
- Genuinely additional resource – allocated on need rather than through UK wide challenge funds;

- “Decluttered” Funding streams – “single pot” if possible;
- Shared vision and commitment by all levels of Government; and
- Regional/local partnership decision making – with capacity building support.

The UKCRF provides additional funding to help local areas prepare for the introduction of the UKSPF. The UKSPF will be worth over £2.6 billion over the next 3 years. The UKSPF will rise to £1.5 billion a year by 2024-25. The government will publish further details on the UK Shared Prosperity Fund during this financial year. Whilst the UKCRF will help inform the design of the UKSPF through supporting people and communities, creating opportunities to trial new approaches and innovative ideas at the local level, the funds are distinct in regard to design, eligibility, and duration.

6. The sustainability of funding for the longer term operation of projects or capital investment delivered under these funds

Multi annual funding is required to address the levelling up challenges. For example, improving the employability prospects for those currently with significant barriers to labour market participation does not lend itself to short term, “quick fix” solutions.

While the recognition that investment in infrastructure can play an important role in levelling up this is not always best achieved by cherry picking a small number of high profile projects. What is required instead is giving local authorities the capacity to develop and bring forward a range of capital works of varying sizes over the long term.

7. The evaluation and accountability mechanisms in place or proposed to assess the effectiveness of any funding provided

This is covered in Section 9 of the UKCRF prospectus. However, given the planned timescale for the rollout of the UK Shared Prosperity Fund, it is difficult to see how the evaluation activity cited in the UKCRF prospectus could meaningfully have an input on the design of the UK Shared Prosperity Fund.