**UPDATE ON THE DEVELOPMENT OF THE UK SHARED PROSPERITY FUND (UKSPF) AND THE UK GOVERNMENT’S WIDER LEVELLING UP AGENDA**

# **Purpose**

# The aim of this paper to update CoHI members on the development of the UKSPF which is intended to replace the European Structural and Investment Funds (ESIF) following the UK’s withdrawal from the European Union and provide an overview of the current position of the UK Government’s wider Levelling Up Agenda.

# **Current positon of the UKSPF**

# Despite its intended rollout scheduled for April 2021, information regarding the UKSPF has remained scant since the UK Government’s (UKG) 2020 Spending Review in which it was noted that the Fund would “on average reach around £1.5bn per year”.

# Within this, it was also noted that the Fund would consist of the following two elements:

* A “Place” Fund - this is largely an ERDF replacement, which will focus on supporting skills communities and business;
* A “People” Fund - this is largely an ESF replacement, focused on skills and employment support. This is likely to be managed by Department for Work and Pensions (DWP) on a UK-wide basis but it remains unclear how this will interact with Scottish Skills System.

# Further detail is expected at the next UKG Spending Review currently scheduled for publication on 27 October 2021.

**The Wider Levelling Up Agenda**

# The UKSPF is one of several new funds being delivered in Scotland by UKG as part of the wider Levelling Up Agenda which included the Funds announced as part of the 2021 UKG Budget. The Scottish Government has little to no role in the development of any of these Funds, and whilst the prospect of additional funding to Scottish communities is welcomed, the establishment of these Fund crowds the current funding sources available ultimately creating a more complex funding landscape. The funds are:

# Community Renewal Fund (CRF) – £220m one year precursor to the UKSPF, 90% revenue, run competitively through local authorities;

# Levelling Up Fund (LUF) – £4.8bn four year capital fund aimed at regeneration and transport projects again run competitively through the local authorities; and

# Community Ownership Fund (COP) – £150m fund aimed at supporting community groups to buy community assets such as pubs and sports pitches which would otherwise be lost.

**Community Renewal Fund (CRF)**

# Establishedto help local areas prepare over 2021-22 for the introduction of the UKSPF and pilot ways of working, the UKG launched a pre-cursor programme called the Community Renewal Fund.

# Within Scotland, 13 Local Authorities were designated as more in need, of whom three are from the Highlands and Islands Region.[[1]](#footnote-1) Some 28 of Scotland’s 32 Local Authorities submitted bids to the application deadline, in June.

# Despite the application process closing in June, and a completion deadline set for March 2022 successful bids have still to be announced by UKG. With such an extremely tight delivery timetable it is unclear the impact projects will be able to make and what influence the experience will have upon the development of the UKSPF ahead of its rollout. UKG remains unable to provide an indication as to when confirmation of the successful applicants will be made.

**Levelling Up Fund (LUF)**

# This £4.8bn capital Fund aims to support regeneration and transport projects within Local Authorities is being delivered on a competitive basis with Scotland expected to receive £400 million in consequentials from this Fund.

# Local Authorities were ranked on a basis of priority of needs with 13 Scottish Local Authorities achieving the highest ranking. North Ayrshire is the only H&I Local Authority to fall within the top priority, Level One.

# Despite the first round of bids closing in June, UKG has not yet announced the successful projects at this stage.

# It is also worth noting that the Levelling Up fund will be subject to a judicial review to be held before Christmas. The claim against the UK Government was brought by the Good Law Project and is focussed on the methodology that was used to determine priority areas.

**Community Ownership Fund (COP)**

# Similarly, this Fund also closed for its first round of applications in August 2021 however successful bids are still to be announced.

# **Engagement with Scottish stakeholders and UK Government**

# Between August and October 2021, UKG has conducted various roundtable events with stakeholders from across the UK to consider the development of the UKSPF. They have covered the following themes:

* Investment in Communities and Place;
* Skills and Work-based Training;
* Supporting people towards and into employment;
* Investment in Employment and Skills;
* Environment and Sustainability; and
* Local Business.

# In late September 2021, UKG established a UK-wide Local Government Taskforce for the UKSPF to which COSLA was invited. Scottish Government officials have attended these as observers.

# There remains a continued lack of clarity regarding the role of Scottish Government or other Devolved Administrations in the development or rollout of these plans, despite commitments made by UKG in both the Commons and the Lords.

# Scottish Government officials and Ministers continue to stress to the UK Government that we expect to be treated as a full and equal partner in the development of the UKSPF and that Scotland’s share of the funding must be fully devolved so that we can target it in a manner that suits the needs of Scotland’s people, communities and businesses.

# **Next Steps**

# Further detail on the UKSPF and the wider Levelling Up Agenda will be provided at the upcoming Spending Review.

# It is proposed that this Group considers the implications of the announcements at a subsequent meeting of COHI.

**Future Funding Team**

13 October 2021

1. These include Nan Eilean Siar, North Ayrshire, and Argyll & Bute [↑](#footnote-ref-1)