



Industrial Communities Alliance

The all-party association campaigning on behalf of local authorities in the industrial areas of England, Scotland and Wales

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Neil O'Brien MP
Parliamentary Under Secretary of State
Department for Levelling Up, Housing and Communities

By email to: neil.o'brien@communities.gov.uk

7 June 2022

Dear Neil,

UK Shared Prosperity Fund

You will be aware from previous correspondence that I chair the Industrial Communities Alliance, the all-party association of local authorities in the older industrial areas of England, Scotland and Wales. As you might expect, our authorities have a strong interest in the UK Shared Prosperity Fund.

Could I first welcome the Fund and thank you for the work of the DLUHC ministerial team and officials. We are especially pleased that the UK SPF retains the strong focus on less prosperous places that previously characterised EU funding.

However, it is perhaps inevitable that there are concerns about the detail. A number of points were raised at our most recent round of regional and national meetings and I was asked to relay these to you.

First, there are worries about timescales, both for submitting local investment plans and for delivering projects. Bringing on board local partners, including MPs, by the end of July is a tall order, especially in Scotland where there have been local elections and where July is a holiday month. Completing all SPF spending by March 2025 is no less difficult and compares unfavourably with EU funding, which operated on seven-year cycle and allowed spending to run on for a further three years. Most capital projects will be ruled out by the present SPF timescale.

Second, there are worries that the government may fail to approve local investment plans by the early autumn. The overrun in assessing bids into the Community Renewal Fund does not set a good precedent and with the SPF far more money is at stake. Because approvals will not be forthcoming until the autumn at the earliest, the present SPF round is in effect reduced to little more than two years.

Third, the allocation of funding to local areas within England is far from perfect. South Yorkshire, Tees Valley and Durham have been treated less favourably than Cornwall, despite worse GDP figures. South Yorkshire (again) and Liverpool City Region have been short-changed because errors in their EU financial allocation for 2014-20 have been carried forward into the SPF. And the largely population-driven allocation to lower-tier authorities has short-changed disadvantaged districts within otherwise prosperous areas (e.g. East Kent within the South East LEP area).

Fourth, because the government does not intend to make substantial funding available in England for employability and skills until 2024-25 there is a gap opening up for organisations whose present EU funding runs out in March 2023.

The most serious worry, however, is that the present funding for the SPF only runs for three financial years. We recognise that by 2024-25 SPF spending will match previous EU funding in real terms (putting aside an acceleration in inflation) but unless it is possible in the next couple of years to make financial commitments that run on beyond March 2025 it will be nigh-on impossible to sustain future SPF spending at 2024-25 levels. We are aware, from feedback on your discussion with MPs, that you are alert to this issue but there is nothing in the SPF prospectus that gives reassurance on longer-term funding.

In effect, it is hard to see the present SPF funding as little more than a down-payment on the much larger fund that will be needed to provide a long-term replacement for EU funding.

If we take the government's figure of £1.5bn a year as the value of EU funding, a seven-year EU programme would have been worth £10.5bn. The SPF funding to date of £2.6bn would consequently point to a second four-year tranche of at least £7.9bn if the government is to honour its promise to match EU funding.

I hope you will give serious consideration to these points. Indeed, it would be good if your officials could renew the constructive dialogue with our National Secretariat (see letterhead) that was disrupted by the pandemic.

I look forward to hearing from you.

Yours sincerely,

A handwritten signature in black ink that reads "Keith Cunliffe". The signature is written in a cursive, flowing style.

Cllr Keith Cunliffe
National Chair