

Update on the UK Shared Prosperity Fund

From April 2022 the UK Shared Prosperity Fund will be established, replacing EU Structural Funds. Detailed information about the fund and how it will be allocated will be published later this year.

The UKSPF will be a UK-wide fund and the Government's flagship policy for levelling up the economy. It will be in two parts:

Part 1 'will target places most in need across the UK, such as ex-industrial areas, deprived towns and rural and coastal communities'. Its priorities are:

- 'investment in people and skills tailored to local needs, such as work-based training, supplementing and tailoring national programmes (e.g. the Adult Education Budget); and other local support (e.g. for early years)
- 'investment in communities and place including cultural and sporting facilities, civic, green and rural infrastructure, community-owned assets, neighbourhood and housing improvements, town centre and transport improvements and digital connectivity
- 'investment for local business including to support innovation, green and tech adoption, tailored to local needs.'

Places receiving UKSPF funding will be asked to target specific outcomes within the UK-wide framework and submit proposals for approval by the government and 'a representative stakeholder group'. As yet there are no details as to who will be represented on this group.

Part 2 of will target 'people most in need through bespoke employment and skills programmes that are tailored to local need. This will support improved employment outcomes for those in and out of work in specific cohorts of people who face labour market barriers.'

The Government has made available a **UK Community Renewal Fund**, worth £220 million, to help local areas prepare for the UKSPF.

Shared principles for the UKSPF

In 2019 we worked with civil society organisations across the UK to agree [shared principles](#) that should underpin the UK Shared Prosperity Fund. These were developed to ensure that the UKSPF really does make a difference to local people, communities and economies.

Below we discuss the key features of the fund identified so far in light of the shared principles:

Below we assess what we know about the UKSPF so far against these shared principle

The UKSPF helps to build an economy that works for everyone

Targeting the people and the places most in need means that the UKSPF should help to build an economy that works for everyone. However, it is essential that equality drivers are built into the investment frameworks, requiring all programmes to identify and meet equality outcomes and close employment gaps.

[Our research](#) shows that having mandatory equality objectives and participation targets significantly increased the reach of EU funding. They also enabled innovation, best practice and accountability for initiatives that benefited those facing the greatest barriers to and in the labour market.

It is useful to have the dual focus on people as well as places, as set out in the Spending Review. The second portion of the UKSPF should provide at least the same level of investment in education, training and support to disadvantaged and discriminated against individuals and groups as current European Structural and Investment Funds.

Designed right, the UKSPF has the potential to lead the world in developing innovative approaches that promote both inclusion and growth. But there is only so much that it can do on its own. To make a real difference, equality must be at the heart of Government recovery and investment strategies more broadly. This will require investment in social as well as physical infrastructure (eg care, housing, social security) and the creation of decent jobs for all.

The UKSPF is transparent and accountable

Governance of the UKSPF must be transparent and accountable, with maximum accountability to local people and communities as well as local businesses. Although the relevant frameworks have yet to be developed, we are concerned that accountability will be upwards rather than outwards. For example, investment proposals under part 1 will need to be approved by central government 'among a representative stakeholder group'.

As well as providing clear accountability frameworks and identifying specific outcomes to be targeted (including equality outcomes), the Government should also:

- develop a fair and transparent funding formula to ensure that investment is allocated according to need;
- give maximum flexibility to local stakeholders, led by local government, to design delivery plans that both meet national targets and take account of the particular opportunities and challenges for local people and the local economy.

The formula for allocating resources must be agreed with the Scottish and Welsh Governments on the basis that no region receives less money than it does at present from ESIF. Resources in England should be allocated on the same basis, giving priority to the most disadvantaged regions and ensuring equity between urban and rural areas.

The UKSPF is accessible to local and specialist organisations

The UKSPF is an opportunity to build a better fund. A fund that is more accessible to a wider range of organisations than those it is replacing. Programmes should be designed with minimum bureaucracy to meet local needs so that it can be easily accessed by smaller and local civil society organisations, including specialist organisations working with for example, women, disabled people or those from Black, Asian and minority ethnic communities.

Local and specialist civil society organisations have a unique contribution to make to the process of levelling up and creating opportunity for the individuals and groups they work with. Many have direct links into disadvantaged communities; understanding of people's needs and the barriers they face; and experience of working with them to overcome those barriers, build their confidence and increase their employability. In some areas they are also significant employers.

It is therefore essential that they are involved in the design as well as the delivery of UKSPF-funded programmes, and have the resources and support they need to participate on equal terms to other stakeholders, including appropriate infrastructure support.

Devolution

Civil society organisations in Scotland, Wales and Northern Ireland are clear that the UKSPF must respect the devolution settlement. The information provided in the Spending Review runs counter to this principle. This states that the UKSPF 'will operate UK wide, using the new financial assistance powers in the UK Internal Market Bill. Investments and programmes will display common branding.'

It is our strong view that each devolved government should be responsible for determining its own priorities and managing the Fund, in partnership with civil society, local people, communities and businesses. All have a positive track record of partnership working and engaging with civil society on issues relating to economic development. The UKSPF should build on this strong foundation.

Equally Ours April 2021