Belfast City Council

CLIMATE & RESILIENCE COMMITTEE

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| Subject: | Shared Prosperity Funding update |
| Date: | 6 April 2022 |
| Reporting Officer: | John Greer, Director of Economic Development |
| Contact Officer: | Lisa Toland, Senior Manager Economy |

| **Restricted Reports** | | | | |
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| **Is this report restricted?** | **Yes** | | **No** | X |
| **If Yes, when will the report become unrestricted?** | | | | |
| **After Committee Decision** | | | | |
| **After Council Decision** | | | | |
| **Sometime in the future** | | | | |
| **Never** | | | | |

| **Call-in** | | | | |
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| **Is the decision eligible for Call-in?** | **Yes** | X | **No** | |

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| **1.0** | **Purpose of Report or Summary of Main Issues** |
| 1.1 | The purpose of this report is to provide an update to members on the emergent Shared Prosperity Funding. |
| **2.0** | **Recommendations** |
| 2.1 | The Committee is asked to:<br>• Note the contents of this report |

| 3.0 | **Main Report** |
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| 3.1 | Members will be aware that European Structural and Investment (ESI) funds help to pay for initiatives supporting business development, research and development, investment in digital and green infrastructure, as well skills and training interventions and support for job-seekers. |
| 3.2 | The ESI funds that the UK received were:<br>• The European Regional Development Fund (ERDF), which focuses mainly on support to small businesses and on research and innovation, with a smaller emphasis on moving towards a low carbon economy;<br>• The European Social Fund (ESF), which is very strongly focused on employment. The main way it does this is by encouraging people into the workforce, such as by building networks between employers, local authorities and charities, and by improving people's skills. ESF funding also included the Youth Employment Initiative (YEI), which funds schemes such as apprenticeships and traineeships;<br>• The European Agricultural Fund for Rural Development (EAFRD), which funds improvements in agriculture as part of the EU's Common Agricultural Policy (as opposed to income support payments to farmers, which are not part of structural funding);<br>• The European Maritime and Fisheries Fund (EMFF), a much smaller fund supporting improvements in fisheries. |
| 3.3 | In the EU's 2014-20 Multiannual Financial Framework (MFF) period, the last MFF in which the UK was an EU member state, its funding allocation from ESI funds was €16.3 billion. This worked out to around £2.0 billion per year on average. |
| 3.4 | Northern Ireland has been a net beneficiary of the EU Structural funds and their impact has been significant – indeed in Northern Ireland we received approx. 5% of the total UK allocation, while only representing 2.8% of the population |
| 3.5 | The European Social Fund has been a vital compontent in addressing inequalities, poverty and supported the creation of more and better jobs, which it does by co-funding projects that improve the levels of employment, the quality of jobs, and the inclusiveness of the labour market in areas of impact. ESF projects are funded to a value of 65% by ESF with a 35% match funding requirement historically. Data provided by Department for the Economy and contained in appendix 1, indicated that ESF allocation for the current programme period in Belfast March 2018 – to March 2022 had a value of £55,479,367 for ESF with the total value being £85,352,887, including 35% match funding of £29,873,520. |

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| 3.6 | The UK Government announced in 2017 that ESI fundings successor will be a Shared Prosperity Fund . The UK Shared Prosperity Fund is a Government-allocated fund which is intended to reduce inequalities between communities, as part of the Government's wider "levelling up" agenda. |
| 3.7 | The objectives set by the Government for the SPF is to tackle inequalities between communities, and raise productivity in those parts of the country whose economies are furthest behind, but so far it has given few details around its scale, design and implementation. |
| 3.8 | On February 2$^{nd}$ 2022 Pre-Launch Guidance for the UK Shared Prosperity Fund was published. It stated that that it would provide £2.6 billion of new funding for local investment by March 2025, with all areas of the UK receiving an allocation from the Fund via a funding formula rather than a competition. |
| 3.9 | The pre-launch guidance confirmed that in England, Scotland and Wales local government will be given responsibility for developing an investment plan for approval by the UK Government, and for delivery of the Fund thereafter. This delivery model follows the recent approach of the Levelling Up Fund which provided a ring fenced portion of funding to 100 leading local authorities while in Northern Irland the round one levelling up and community renewal funding was dispersed via a competitive bid process. |
| 3.10 | The guidance confirmed that the approach in Northern Ireland is as per the extract below,<br>*`In Northern Ireland, the UK Government is considering options for development of a Northern Ireland investment plan. We are committed to working with local partners to ensure that the investment plan reflects the particular needs of Northern Ireland's economy and society. We want this plan to draw on the insight and expertise of local partners, including the Northern Ireland Executive, local authorities, City and Growth Deal geographies, businesses and the community and voluntary sector to target interventions where most appropriate. This plan will be used by the Department for Levelling Up Housing and Communities who will have oversight of delivery for Northern Ireland, working closely with local partners.'* |
| 3.11 | The guidance confirmed that for the devolved administrations broader governance, statutory and regulatory requirements will be detailed in a Prospectus, which is expected to be published in the spring. It is important to note that as well as governance the specific amount |

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| | of funding available to address the broad objectives of the programme have not been provided as yet. |
| 3.12 | Over successive funding cycles, councils have effectively managed and deployed EU resources to support local economies. In the current programming period, councils are responsible for administering around £18million of funding to support business start-up and growth. This comprises ERDF funding matched with budget from Invest NI and supported by resources from each of the councils. The lack of ERDF resources presents a significant risk to this support and will impact significantly on the predominantly micro business base in the region. |
| 3.13 | Local authorities in Northern Ireland are also at the centre of the EU's PEACE funding – an instrument that is unique to this region. Local Peace Plans – developed across three priority themes within each council area – account for around £45million of expenditure across Northern Ireland on a range of activities aimed at building positive relations and embedding peace within local communities. Again, councils play a lead role in developing locally-agreed plans and overseeing delivery – including accountability for all spend. |
| 3.14 | Members will be aware that Labour Market Partnership structures that have been established within each of the council areas over the last year. These Partnerships aim to improve employment outcomes and enhance skills levels of local residents. They bring together regional government departments, local skills providers and business representatives to develop innovate approaches that can improve outcomes for key target groups and help local companies to secure the talent pipeline that they need to grow their business. While these partnerships are in their infancy we propose that they can be can be a useful conduits for identifying and shaping priority interventions in the skills arena. We would also propose that the aforementioned structures established for administering and accounting for ERDF and PEACE funding could also act as useful conduits and instruments for shaping the objectives and assisting with the disperals of SPF funding. |
| 3.15 | Council officers have enegaged with representatives Department for Levelling Up, Housing and Communities and recently representatives from NILGA met with Minister O'Brien, Parliamentary Under Secretary of State, Department for Levelling Up, Housing and Communities. While this engagement is welcome the lack of clairy regarding the design process for Shared Propserity, formal engagement routes, governance and the level of funding are still a concern for Council given the significant level of investment, its impact and |

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| | existing infrastructure. SOLACE has formally written to Minister O' Brien to request that councils have a lead role in the new programme and have asked that more detail on the issues highlighted above are provided as soon as possible. |
| 3.16 | Finance and Resource Implications<br>There are no financial implications associated with this report.<br><br>Equality or Good Relations Implications/Rural Needs Assessment<br>There are no equality or good relations implications associated with this report. |
| **4.0** | **Appendices** |
| 4.1 | Appendix 1 – ESF Funding Belfast |