



<b>Subject:</b>	EU Successor Funding Northern Ireland: Position Paper for SOLACE NI
<b>Date:</b>	3 December 2020
<b>Reporting Officer:</b>	Christine Robinson, Strategy, Policy and Partnerships Manager
<b>Contact Officers:</b>	Mark Mulholland, Policy and Performance Analyst

<b>Restricted Reports</b>	
<b>Is this report restricted?</b>	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
<b>If Yes, when will the report become unrestricted?</b>	
<b>After Committee Decision</b>	<input type="checkbox"/>
<b>After Council Decision</b>	<input type="checkbox"/>
<b>Some time in the future</b>	<input type="checkbox"/>
<b>Never</b>	<input type="checkbox"/>

<b>Call-in</b>	
<b>Is the decision eligible for Call-in?</b>	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>

<b>1.0</b>	<b>Purpose of Report or Summary of main Issues</b>
1.1	To update Members on a position paper produced for the Society of Local Authority Chief Executives in Northern Ireland (SOLACE NI), in relation to EU Successor Funding in Northern Ireland and the Shared Prosperity Fund (SPF).
<b>2.0</b>	<b>Recommendations</b>
2.1	The Committee is, therefore, asked to: a) Note this update on the Ekosgen/SOLACE NI position paper on EU Successor Funding, which published last week.  b) Members are also asked to promote this work across their political networks supporting the need for a partnership approach, which involves local government, in co-designing and shaping the SPF, which will address local needs.

3.0	<b>Main report</b>
3.1	Ekosgen were commissioned in early 2020 by SOLACE NI to undertake a research study to explore the future of EU Successor Funding in Northern Ireland. The purpose of this study was to develop a local government sectoral position, to use as a basis for discussion and influence with central government departments, regarding the local introduction of the SPF.
3.2	Alongside the full report which can be accessed via the following link: <a href="https://www.nilga.org/media/2171/241120-final-ni-spf-position-paper-24-november-2020.pdf">https://www.nilga.org/media/2171/241120-final-ni-spf-position-paper-24-november-2020.pdf</a> a stand-alone Executive Summary ( <b>Appendix 1</b> ) has been produced. This document sets out the key principles and recommendations identified by local government, and will be used to engage the NI Executive Ministers, MLAs, MPs and relevant departments in terms of the future local design of the SPF.
3.3	As the UK has left the EU, the UK Government has begun the process of developing a replacement investment mechanism for the EU Structural Funds. The SPF will address regional disparity and structural economic challenges, and drive innovation, productivity, and sustainable economic development.
3.4	Northern Ireland has been a net beneficiary of the EU Structural funds and their impact on economic development has been significant – indeed in Northern Ireland we receive approx. 5% of the total UK allocation, while only representing 2.8% of the population. It is crucial that the spending power provided by EU funding is preserved through the SPF, and that the UK Government respects Northern Ireland’s previous status as a transition area for the purposes of EU funding in this new funding regime. This will ensure that our proportionate allocation of funding will continue and can be concentrated in areas to increase productivity and lessen economic inactivity. Such a commitment would also acknowledge and support Northern Ireland in moving forward as a post-conflict society.
3.5	The future scope and operation of the SPF as EU successor funding, will be crucial in shaping the future economic and social prosperity of Northern Ireland – by providing funding to support the foundations of prosperity, and contributing to eliminating inequalities and promoting inclusive growth for our local communities.

3.6 Members should note that during engagement with local EU funded delivery organisations, who manage and deliver programmes across our council areas, extreme concern exists regarding the lack of information and engagement undertaken to date in relation to the SPF. However, they were appreciative of the fact that local government are undertaking this work, and engaged them on this critical issue of successor funding.

3.7 It is intended to use this paper as a basis for councils having a role with central government in designing the SPF, using a place-based approach, to address local area needs. It is crucial that this new funding regime maintains alignment between the priorities of the NI Executive and those set out in local community plans to ensure that inequalities are being targeted and that local intelligence is used to focus the funding to plans and programmes that are needed.

3.8 Members may also be aware that the Chief Executive recently attended an evidence session hosted by the Northern Ireland Affairs Committee on the SPF, on behalf of SOLACE NI and NILGA. It was notable during this session the lack of local consultation and work which has taken place in relation to the SPF in comparison with the other devolved administrations.

3.9 During this session the Chief Executive emphasised that for local government and local organisations the regime which is going to succeed EU structural funding is of critical importance. The design of this new funding programme if undertaken in a collaborative way between central government, local government and local delivery organisations, can create a new effective funding regime which will be transformative for our local areas and the region, aligned to the current growth and city deals and other current funding packages.

**Principles for a New Approach**

3.10 The principles identified within the Ekosgen work which are necessary for designing a new approach to funding through the SPF are set out in the table below. These principles should be viewed as an integrated package of measures that work as a whole, rather than a menu of options.

<b>Principles and Recommendations for a New Approach in Northern Ireland</b>	
<b>Principle</b>	<b>Commentary</b>
National Framework	SPF should set a national framework defining <i>high level</i> strategic direction, objectives and priorities and alignment with UK strategies.

Regional and sub-regional priority setting	<p>There must be a commitment and processes at regional level to set strategic priorities. These should be developed in partnership and based on an evidence-based assessment of need.</p> <p>At a sub-regional level, there must be scope to identify and invest in activities that will address local priorities and reflect the local context. This must be an underpinning principle that all stakeholders sign up to. Ownership of sub-regional funded activities should rest with local partners.</p>
Outcomes based	<p>Progress and achievements should be measured as outcomes and impacts, rather than activities and outputs. KPIs should be set that capture progress as well as final outcomes e.g. progress towards employment.</p>
Flexible, single pot	<p>There must be an assumption of trust so that monies can be disbursed with as few restrictions as possible, balanced with the right degree of scrutiny.</p> <p>Monies should be provided in Northern Ireland with no restrictions on capital and revenue allocations or prescriptive allocations by theme. Spend should be based on identified need and a holistic approach covering, for example, investment in skills, business support, infrastructure, innovation and so forth.</p> <p>There should be a strategic approach to spend, combing all available funding sources to maximise value for money.</p> <p>Business support (including social enterprises) should be business-led and include support to invest in the workforce, in equipment, in processes, as well as advice, and specialist business development support.</p>
Maximum devolution of management and delivery	<p>Northern Ireland should work towards devolving management and delivery to sub-regions where there is sufficient capacity and capabilities.</p> <p>For some activities, there will be a rationale for clusters of areas and partnerships who could act as intermediate bodies, and a regional approach with flexibility for distinctive local need.</p> <p>Where appropriate, the approaches used successfully through the city and growth deals could be replicated.</p>
Attitude to risk	<p>Being overly risk averse can inhibit impacts and limits the opportunity to test and learn from new and innovative approaches.</p> <p>SPF at UK and regional levels should set an attitude to risk that allows for innovation and moves away from simply funding 'more of the same'.</p>

	<p>Fit for purpose systems and processes that are actively used</p>	<p>Management, appraisal, monitoring and verification processes should be fit for purpose, not overly complex and proportionate to the level of funding and scale of activities. They should be used to review and drive performance.</p> <p>Additional layers and processes should not be added over time unless there is a clear rationale and demonstration of added value.</p> <p>Management and monitoring systems and processes should be, as far as possible, harmonised with those of other funds and their activities. This will make for a more efficient use of project management and administration time and generate consistent data.</p>
<p>3.11</p> <p>3.12</p> <p>3.13</p>	<p><b>UK Government update on SPF – November 2020</b></p> <p>As part of the spending review announcements last week. The chancellor announced that £220m will be allocated in 2021-22 to help local areas prepare for the introduction of the UK Shared Prosperity Fund.</p> <p>The Treasury document Spending Review 2020 (SR 20), outlines two portions of the SPF. The first will target “places most in need across the UK, such as ex-industrial areas, deprived towns and rural and coastal communities”, and prioritise:</p> <ul style="list-style-type: none"> <li>• investment in people, through initiatives such as work-based training and other local support such as for early years</li> <li>• 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”</li> <li>• investment for local business, which includes support for “innovation, green and tech adoption, tailored to local needs”.</li> </ul> <p>The funding profile for this portion of the fund will be set out at the next spending review.</p>	

3.14	A second portion of the SPF will be targeted at “people most in need through bespoke employment and skills programmes that are tailored to local need”. The SR 20 said this would “support improved employment outcomes for those in and out of work in specific cohorts of people who face labour market barriers”.
3.15	<p>Further details of the SPF will be set out in a “UK-wide investment framework” which is due to be published in the spring.</p> <p><b><u>Financial &amp; Resource Implications</u></b></p> <p>None associated with this report.</p> <p><b><u>Equality or Good Relations Implications/Rural Needs Assessment</u></b></p> <p>None associated with this report.</p>
<b>4.0</b>	<b>Appendices – Documents Attached</b>
	<b>Appendix 1 – Executive Summary – EU Successor Funding in Northern Ireland: Position Paper for SOLACE NI</b>