

UK shared prosperity fund

The UKSPF has been proposed to replace the EU ESI funding for less developed regions, however a number of issues require resolution before the fund can be set up.

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The Government has proposed a new UK Shared Prosperity Fund ('UKSPF'), which is intended to replace the approximately £2.1 billion of annual EU structural and investment (ESI) funding which the UK will no longer receive following its departure from the European Union. ESI funding is provided with the intention of reducing regional disparities in levels of development within EU Member States. Funding is directed towards those regions which are classified as less developed, calculated on the basis of their economic development measured by per person GDP. ESI funding is mainly directed towards support to small businesses and research and innovation, and is managed by BEIS and DEFRA in England and the devolved administrations in Scotland, Wales and Northern Ireland.

The withdrawal agreement between the UK and the EU includes provisions to maintain the current ESI funding arrangements until the end of 2020. Following this, it had been proposed by the Government that the UKSPF would replace ESI funding. However, there are a number of issues which require resolution before the fund can be set up. These include:

- The aims and objectives of the fund
- How funding will be allocated between England and the devolved administration and on what basis
- Who will administer the fund
- How the fund will interact with the EU state aid rules, or other UK rules on subsidy (depending on the approach taken following the end of the transition period).

Consultation has not yet been published, but it is understood that a number of organisations have made comments on the design of the UKSPF. Most organisations appear to take the view that funding should be maintained at its present level and that local authorities and other partners should be closely involved. The Local Government Association set out several principles that it believed should be considered in the design of the UKSPF, including the need for flexibility and responsiveness, and ensuring that the UKSPF was at least equal in value to the current ESI arrangements.

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