Dear Frank,

The Future of the European Social Fund

Thank you for your letter following your evidence session on the future of the European Social Fund (ESF). I welcome the Committee’s interest in this area and look forward to reading its report.

There is a great deal of support for the help that is being provided under the current ESF programme, not least demonstrated by the views of the witnesses who attended the session. It is clear that the European Social Fund programme is providing very valuable support to many people in our communities who are themselves dealing with some of the toughest challenges, such as homelessness, debt, health concerns and many other issues.

My Department, and the Government, place great value on the important role that this programme is playing, providing crucial support alongside our domestic employment and skills programmes. This support is also often delivered at a very local level, reflecting the different needs in different communities, by organisations who are uniquely placed to get the best results for the people most in need of support.

The value of this support has clearly been underlined by the Government through the commitment to create a new UK Shared Prosperity Fund. The aim for this fund is clear; to reduce inequalities between communities across the UK and promote sustainable, inclusive growth based on the Industrial Strategy.

Whilst my Department has a clear and strong role to play in the development of the UK Shared Prosperity Fund, it is important to note that the work on this fund is being led by Ministry for Housing, Communities and Local Government. We are therefore working closely on this with them, and other Whitehall departments, to collaboratively inform the future design and focus of this important new programme.
In setting the commitment to replace current ESF support, we are clear that the development of the new fund provides us with a strong opportunity to focus support on our most challenging domestic priorities. We are also keen to ensure that the fund design minimises bureaucracy and is as administratively simple and straightforward as possible for recipients to engage with.

Many of the questions that the committee has considered and that you posed in your letter, including whether the fund could be held by a non-departmental public body, are some of the very same issues that government is now considering. As a result, we do not yet have a definitive view on how the fund can best be structured.

However we are currently devoting urgent attention to these issues and will continue to do so over the coming months, to develop the proposal for the future fund. Importantly, the proposal will also be shaped and informed by a public consultation later this year. This will give all interested parties the opportunity to contribute their views directly to the Government.

Obviously it is important that beneficiaries of the European Social Fund have certainty of funding. As you will be aware, the terms of the joint report agreed between the UK Government and the European Union last year determine the current position that the UK remains in the existing programme until its closure, with local areas continuing to benefit from ESF funding. At the same time, the Government is planning for all potential scenarios in final negotiations. In a 'no deal' scenario, the guarantee provided by the Treasury will stand for all projects signed before we leave the European Union, providing they align to domestic priorities and are value for money.

In terms of the future, as you rightly note we need to act quickly to develop the new fund. However it also essential that we use the time wisely to develop a design for the world-leading successor programme that we all want to see emerge. Part of the approach to getting this right will be continuing our ongoing discussions with key stakeholders, such as we have had with some of the witnesses who joined your session, and ensuring that through our ongoing conversations and consultation we consider broad and diverse views.

I hope this response is helpful in setting out the current direction of travel on the Shared Prosperity Fund and the crucial work we have immediately ahead. I look forward to updating you with our progress in due course and providing more specific information in relation to your questions. I also look forward to receiving the Committee’s report and recommendations, as I am sure these will be useful in informing our ongoing design and development work.

Alok Sharma MP
Minister of State for Employment