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## **Background**

This report is the third in a series investigating how third sector org6 ( )45Bs aGafter first report inv situation in England

<sup>1</sup>, while our second report looked at Scotland<sup>2</sup>. These reports htdevolved UK, and caution policymakers about ignoring such contextual specificity. Collectively, however, they find a sector which has experienced significant cuts to funding at a time when many TSOs are reporting that increasing numbers of clients are presenting with more complex needs in the aftermath of the pandemic and during a 'cost-of-living crisis'.

## **Introduction**

The UK's exit from the European Union on January 31, 2020 meant that European Structural and Investment Funds would cease to operate in the UK by the end of 2023

A key component of this was the European Social Fund (ESF). Ending access to this fund is important for a variety of reasons, not least because ESF was one of the main funds that supported TSOs specialising in employment and skills support, and provided relatively long-term funding packages of at least three years informed through a broad social inclusion agenda. This is important, given that many of the long-term unemployed and economically inactive need sustained, tailored support to address their often complex and multiple barriers to employment. Indeed, a wide range of academic research has demonstrated the important role that TSOs can play in supporting those furthest from the labour market into work (Damm, 2012, Lindsay et al., 2018; Payne and Butler, 2022).

The UK Conservative Government, under the then premiership of Boris Johnson, signalled that alternative funding would be made available. The Community Renewal Fund was launched for 2021/22 to prepare for a new UK Shared Prosperity Fund (UKSPF) that would replace European Structural Funds. UKSPF came online in April 2022 and is currently scheduled to run to March 2025. In Great Britain the funding was devolved through Combined Authorities and 'lower-tier' local authorities to use across three investment pillars – 'Communities and Place', 'Supporting Local Businesses', and 'People and Skills'. The 'People and Skills' element was expected to replace the loss of ESF for organisations delivering employment and skills support. However, in Northern Ireland, unlike the rest of the UK, the People and Skills element of SPF was commissioned centrally through the Department for Levelling Up, Housing and Communities (DLUHC)<sup>3</sup>. This makes Northern Ireland something of a special case. Furthermore, as discussed below, Northern Ireland has a specific set of localised issues and demands that warrant explicit attention. Against this backdrop, research was undertaken to:

(a) gain a clearer understanding of the opportunities and challenges that TSOs involved in delivering employability support in Northern Ireland are facing with the transition to UKSPF; and

(b) ascertain how they are responding to the new funding and commissioning environment.

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## Research methods

Perspectives on the changes in funding and commissioning were obtained via semi-structured interviews with senior personnel employed by TSOs and representatives of 'stakeholder' groups. Three individual interviews, and one joint interview, were undertaken with five different interviewees (**Table 1, below**), between May 2024 and June 2024. Although this is exploratory research drawing upon a rieryr /TmTd( )Tnel



resolved as quickly as we can so that we can get along to your conversation about employability so your mind is now in a place where you're able to cope with that.

The cessation of ESF placed pressures on charities delivering services around employability and economic inactivity. While some consortia made up of larger and smaller providers were successful under UKSPF, many smaller TSOs failed to gain funding. Rural communities have been especially hard hit with some losing all the TSO employability support they once had. As one respondent noted, 'the smaller ones [TSOs] simply closed down'.

In Northern Ireland the UKSPF fund represented £127m over three years. This consisted of £105m core UKSPF funding and £22m for the adult numeracy programme, called Multiply (see below) (NICVA, 2022). It has been widely reported that UKSPF made up only around one half of what was previously available under ESF in Northern Ireland (Young et al., 2023) - although estimates vary. Such problems are particularly acute because of the impact of the loss of EU funds on other areas of essential public service provision, including funding for peacebuilding (PEACE IV), cross-border co-operation and meeting the needs of border communities (Interreg VA).

While the funding shortfall is unexceptional in broader UK terms (see, for example, so14 ( )-10 (s)-1nf-7 (rms)7.i0 Td[07hK0 2.72 01asaAbe74 Tw 24.43 0 Td(1 2.18.921 br)7

commented that

Under ESF, through the Department for Economy, whilst there was a lot of hoops to jump through, they were very clear hoops and organisations clearly understood what the requirements were.

Matters are further complicated because of the lack of a centomatt





over when I get a text to say your funding's through. That's no way to treat anybody.

Unsurprisingly, other interviewees also spoke of a sector 'under extreme pressure.' One remarked, 'I don't think the sector is imploding completely, but certainly it's under severe pressure.' Consistent with the English and Scottish findings, the data point to a lack of clarity around what will happen when the current tranche of UKSPF ends in March 2025. This uncertainty,

In an ironic twist, the point was made that because the focus of UKSPF was narrowly placed on economic inactivity, TSOs operating in the field of employment support could not help the long-term unemployed in receipt of unemployment benefits. One interviewee voiced frustration that they have to 'turn those people away' and point them in the direction of other agencies.

An under-reported component of UKSPF is the opportunity to apply for 'Multiply funding', aimed at improving the functional numeracy of adults (Gov.UK, 2022). This seeks to 'invest in meaningful participation that boosts people's ability to use maths in their daily life, at home and work' (Gov.UK, 2022). While the Department for Education





of the projects that had been funded. It was claimed that DLUHC were only evaluating 'two or three projects' whereas under ESF 'each project would have been assessed and scored'. There was comment on the overall absence of accountability and transparency regarding UKSPF funding decisions. Uncertainties were voiced as to whether the decisions were taken alone by DLUHC or whether there was any external input. Interestingly, broader Hansard data flags similar issues:

The winning bids are in the public domain, but the other applicants are not. In the interests of transparency, reassurance and learning for future schemes, will the Minister therefore share details of the original Northern Ireland shortlist of projects and their ranking, as presented after the assessors' moderation meeting? Will she also advise what, if any, additional considerations informed the Minister's decision? Can she clarify the

Two conversations... [they have

young people they serve, with the parents of those young people, with

go with I will have to once again issue



A critical issue in the Northern Irish context is the suspension of Stormont and the resultant power vacuum which presents challenges in terms of who the third sector can engage with in influencing policy. As one interviewee noted:

When you've got no government who do you lobby? So, we were lobbying Westminster. [For], these people who are ministers in Westminster, Northern Ireland is right down at the bottom of the list, like it's not a priority for them. There's no votes here. No one here votes for the Conservatives or Labour government. What we needed were ministers in Stormont to be going to Westminster lobbying on behalf of Northern Ireland and advocating for the people that needed this support and we just didn't have that.

It thus remains an open question as how much influence TSOs can exert with the Northern Irish Executive frequently experiencing protracted stasis.

**Recommendations** 65 369.24ct nTneee14 0 w Tds.012 sT(e)Thot(14)7-0.002tecd 12 Naw 2.5

complexity of Northern Ireland. The intermittent lack of a standing power sharing executive body is problematic. The tendency to have departmental leaders from diametrically opposed politic



be hoped TSOs working in the employability space will be given greater clarity in the Autumn 2024 budget. Claims of a £22bn public finance shortfall (Guardian, 2024), however, indicate the space for an enhanced financial package, when UKSPF ends on March 31, 2025, is limited. The new Work and Pensions secretary, Liz Kendall, announced in the build-up to the election that 'a life on benefits will not be an option' (FE Week 2024). Such a statement, on the surface at least, neglects the complex barriers to employment experienced by many in receipt of social security, not to mention the economically inactive who do not engage with the UK's benefits system. If it is accepted that the third sector has a key role to play in addressing such challenges, then the sector and those it supports deserve greater clarity around the future of funding and commissioning.

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