



Llywodraeth Cymru
Welsh Government

PUBLICATION

Strategic Forum for Regional Investment in Wales meeting, 29 September 2022: minutes

Minutes for the Strategic Forum for Regional Investment in Wales meeting, 29 September 2022.

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1. Welcome

The Chair opened the meeting by thanking members for their attendance and welcoming representatives from local government – Simon Gale (RCT), Carwyn Jones-Evans (Ceredigion), Elliott Williams (Swansea) and Sioned Williams (Gwynedd) – who joined the meeting to provide an update on developments with the Shared Prosperity Fund (SPF) in each of the four regions in Wales.

The Chair encouraged members from other sectors to also share their experience of engaging with the SPF and noted there would be an open discussion following the local government update.

At the invitation of the Chair, the draft minutes of the previous meeting of 6 July were passed without further comment.

2. Rural funding update

The Chair noted that during the last meeting, a request was made for an update on post-EU rural funding and introduced James Burgess (JB) from the Welsh Government's Rural Development Division.

JB said that Rural Development Programme 2014-20 (RDP) projects were coming to an end in June 2023, with the programme itself closing in December 2023.

Replacement rural funds from UK Government from 2021-22 to 2024-25 have included a 'netting off' of ongoing EU payments resulting in around £253m less in funding available to Wales. The funding provided by the UK Government is also ring-fenced to 'farmers and land managers', though JB acknowledged the nature of the ring-fence was different for Scottish Government.

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The Minister for Rural Affairs announced £227m from a total envelope of £275m to support the rural economy in April with the funding primarily supporting core *Programme for Government* commitments. The reduction in funding means that some difficult decisions have been made in terms of prioritisation.

There will be workshops later in the Autumn to consult stakeholders on how best to support rural development in the future, which will include those representing LEADER groups.

In response to the update from JB, members made the following comments:

- Disappointing situation regarding funding and the position regarding community-led local development. Very concerned about the lack of funding for LEADER-type socio-economic interventions.
- Rural local authorities are often not on a level playing field. Frustrating that Wales won't have access to the DEFRA announced Rural England Shared Prosperity Scheme, which is additional to the general Shared Prosperity Fund. Some local authorities are now looking at the Communities and Place investment priority within the general Shared Prosperity Fund to support rural activity as a result of these funding gaps.
- LEADER for over 20 years has been the testing ground for new ideas that then became mainstream. Where will innovation and pilot projects come from now? There is a lack of vision for rural development.

3. Welsh Government update

The Chair invited Peter Ryland (PR) to provide a Welsh Government update on developments with the SPF.

PR said there had been limited contact with UK Government during the last month beyond some basic due diligence checks on Levelling-Up Fund bids

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which are not significant or meaningful on a co-decision-making basis.

Welsh Ministers are in a difficult place regarding funding as the Welsh Government budget is significantly less in real terms.

PR stated that UK Ministers are using the Internal Market Act to implement their policies UK-wide without engagement with devolved governments. This makes place-based approaches difficult and officials are assessing what the UK budget approach will mean financially for the Levelling-Up agenda. PR added that the Minister for Economy is keen for ongoing feedback from the Forum.

4. Local government update

The Chair invited Simon Gale (SG), Carwyn Jones-Evans (CJE), Elliott Williams (EW) and Sioned Williams (SW) to provide updates on the progress of regional SPF investment plans.

SG said that South East Wales had a total SPF allocation of £278.5m for the three years of the scheme, which includes £48.1m for the adult numeracy programme, Multiply. Rhondda Cynon Taf will be the region's lead authority and will receive the allocation and undertake the management of the Fund.

The South East investment plan has allocated funding across the three core SPF investment priorities as follows:

- Communities and Place - £109m
- Supporting business - £52m
- People and Skills - £69m

The core allocation in the regional investment plan consists of approximately 30% capital and 70% revenue which is consistent with the UK Government's expectation.

The Communities and Place investments are likely to include town centres, high streets, green spaces and local sport facilities. Supporting business investments are likely to include retail centres, open markets and entrepreneurship support. Investment in people and skills is likely to include employment support and local skills initiatives including soft skills. Some activity is likely to be delivered by the Cardiff Capital Region in areas such as cluster growth, assured skills academy and regional tourism development.

SG said that due to Multiply's lack of flexibility to support other Adult skills needs spending the available funding is hugely challenging across the three-year period. There are real pressures particularly in the first financial year where the minimum under-spend for Multiply is predicted to be 50%, reducing to 10% and 5% in Year 2 and Year 3 following time to build supply-side capacity and demand. Local authorities are continuing to press the case for flexibility in the use of any under-spends.

SG stated that the timescales for SPF are difficult and mobilisation of delivery and staffing will be challenging. Local authorities have been keen to manage the expectations of external stakeholders given the level of funding is not at the same scale as EU Structural Funds. He added that stakeholder engagement is ongoing, including detailed discussions with the third sector. The next steps are to develop service level agreements with partners and put in place financial governance processes and engagement strategies.

CJE added that the situation in Mid Wales is similar in terms of the issues being faced particularly in respect of communicating the SPF and managing the expectations of external sectors.

He added that the Mid Wales investment plan will contain a mix of local and regional activity, and skills provision would fit around ongoing European Social Fund projects. Highlighting the fragmented funding landscape, CJE said he was keen to work with Welsh Government on mapping gaps in provision and identifying delivery risks for existing projects.

EW said that Swansea would be the lead authority in the South West region and outlined the funding breakdown of the investment plan

- Communities and Place - £40m
- People and Skills - £36.5m
- Supporting Business - £36.5m
- Multiply - £24m

EW said that anchor projects are being developed in each of the four South West local authorities which will include third party grant schemes. The investment plans will also include standalone and commissioned projects to meet local needs and complement provision via the anchor projects.

He added that the South West was also trying to mobilise and manage expectations locally.

On behalf of North Wales, SW noted that Gwynedd Council will be the lead authority. The investment plan is high level at this stage and will contain a regional plan as well as six local plans. Regional plans will be the access point for proposals and the local plans will be the access points for localised ideas.

SW said that they would be making use of existing structures and are currently mapping out the programme in terms of delivery including inviting expressions of interest.

Skills provision will make use of the existing Regional Skills Partnership and business support projects will include a mix of local authority and regional projects.

SW added that it will be a challenge to deliver and spend the money citing issues already covered by colleagues, but staff are doing their best in difficult circumstances.

5. Open discussion

Members made the following points:

- Small businesses are finding the SPF difficult due to the timelines imposed on local government. It's still not clear what businesses can bid for.
- There needs to be more urgency regarding timelines on when money will be released. Vulnerable people are facing a very difficult winter and the third sector organisations that support them are already making redundancies due to lack of funding.
- Will local authorities use the SPF to shore up their existing projects due to internal budget challenges?
- Very bleak picture in Higher Education. Jobs and talent are being lost, and Wales is losing enablers and producers. Higher Education was the third biggest player in European programmes – it's a huge worry to lose everything that has been built up.
- Wales TUC is working with the Bevan Foundation on how to best alleviate the upcoming crisis and is keen to work with partners to discuss ideas they may have.

In response to members' comments, local government representatives made the following points:

- There is no money to distribute yet. Local government is hoping to have investment plans approved and funding released by the UK Government next month.
- Local government had no role in the design of the SPF – it has just been asked by the UK Government to administer it.
- The SPF is not a continuation of European Structural Fund programmes. For example, investment priority areas are not the same, so there will have to be compromises in terms of funding.
- UK Government timescales are extremely challenging.

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6. Update on Horizon Europe and Agile Cymru

The Chair invited Baudewijn Morgan (BM) and Geraint Green (GG) to provide an update on the UK's involvement with the EU's research and innovation programme, Horizon Europe, and the Welsh Government's Agile Cymru initiative.

BM said that the UK position remains that it wants to associate to Horizon Europe, which is worth 100bn euros over the next seven years to business, academia and local authorities.

There is currently no change to the political blockage between the EU and the UK Government which is thought to refer to the lack of progress over the Northern Ireland Protocol. In the meantime, UK organisations can still apply to the programme with the UK Government providing funding.

BM added that in the event that association to the programme cannot be secured, the UK Government Plan B will involve using the funding earmarked for Horizon Europe to support domestic R&D. The position remains uncertain and the Welsh Government's Horizon Unit can support any organisations affected or interested in developing R&D proposals.

GG introduced Agile Cymru and its aim of maintaining international economic co-operation post-Brexit, especially where international co-operation can add value to Wales' local, regional and national strengths.

Through Agile Cymru, funding is supporting organisations to develop co-operation initiatives with EU regions, Japan and Ireland. The Welsh Government is also developing a Framework for Irish Sea Co-operation with other devolved governments that can guide future actions in this space.

GG added that the next steps for Agile Cymru were to host an Irish Sea

workshop in November, explore the potential for future bilateral or multilateral funding calls with important regions and nations, and to scale up activity where possible and appropriate.

7. Any other business and future meetings

No further business was raised. The Chair thanked members for their ongoing participation in the Forum and advised that the next meeting would take place in mid November with the Minister for Economy attending.

Annex A: list of attendees

Chair

Huw Irranca-Davies MS

Members

Organisation	Name
Wales Rural Network	Eirlys Lloyd, Chair
Grahame Guilford and Company Ltd	Grahame Guilford

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Organisation	Name
Higher Education Funding Council for Wales	Hywel Edwards
Higher Education	Amanda Wilkinson, Director, Universities Wales
Federation of Self Employed and Small Businesses Wales	Ashley Rogers, Director – Gill and Shaw
Cardiff University	Kevin Morgan, Professor of Governance and Development, School of Geography and Planning
WLGA	Lowri Gwilym, Team Manager – Europe and Regeneration
Natural Resources Wales	Rhianne Jones, Lead Specialist Advisor EU Exit and Land Management
Trade Union	Shavanah Taj, Acting General Secretary, Wales TUC
Third Sector Partnership	Matt Brown, Director of Operations, WCVA
Chambers Wales	Paul Slevin, President, Mid and South Wales
Third Sector (social enterprise)	Derek Walker, Chief Executive, Cwmpas
Growing Mid Wales Partnership	Cllr James Gibson-Watt, Leader, Powys Council
North Wales Partnership	Cllr Dyfrig Siencyn, North Wales Economic Ambition

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Organisation**Name**

Board

Local Government

Simon Gale, Rhondda Cynon Taf County Borough Council

Carwyn Jones-Evans, Ceredigion County Council

Elliott Williams, Swansea Council

Sioned Williams, Gwynedd Council

Welsh Government Attendees

Name**Role and department**

Peter Ryland WEFO – CEO

Geraint Green WEFO – Head of Programme Management (European Social Fund and European Territorial Co-operation)

Alison Sandford WEFO – Head of Policy and Partnership Working

Mike Richards WEFO – Communications Manager

Thomas WEFO – Senior Policy Officer (Regional Policy)

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Name	Role and department
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Mallam-Brown	
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Baudewijn Morgan	WEFO – Head of Horizon Europe Unit
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Simon Edwards	ETC – Deputy Head of Intergovernmental Relations
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James Burgess	Rural Development Division – Assistant Director
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