



Llywodraeth Cymru
Welsh Government

PUBLICATION

Strategic Forum for Regional Investment in Wales meeting, 8 December 2022: minutes

Minutes for the Strategic Forum for Regional Investment in Wales meeting, 8 December 2022.

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1. Welcome

Peter Ryland (PR) opened the meeting due to unforeseen circumstances temporarily delaying the Chair. PR thanked members for their attendance and welcomed representatives from local government – Simon Gale (RCT), Carwyn Jones-Evans (Ceredigion), Paul Relf (Swansea) and Sioned Williams (Gwynedd) to the meeting.

PR noted the meeting's agenda items and invited local government colleagues to provide an update on the position regarding Shared Prosperity Fund (SPF) regional investment plans following the UK Government's announcement approving the plans on 5 December.

2. Local government update

Simon Gale (SG) said that all four lead authorities in Wales have now received their grant letter setting out the allocated funding, however clarity is being sought from UK Government on allocations relating to the Multiply programme.

Local government is exploring legalities within the grants condition notice and how it governs relationships between the lead authority, UK Government and the other local authorities engaged in the regional SPF investment plan.

SG said that although Rhondda Cynon Taf Council is not expecting to be in receipt of SPF funding until the New Year, it is now in a position to issue service level agreements with the other participating local authorities in South East Wales which will enable the release of funds.

SG added that thought now needs to be given to this year's spending profiles due to the delay in the approval of the investment plans. There is an ongoing

conversation with UK Government on flexibility to spend some of this year's allocation in the 2023-24 financial year.

Each local authority in South East Wales will individually determine how to run grant schemes for the third sector and businesses. For example, some might ring-fence allocations, run grants on a competitive basis, or engage in direct commissioning.

SG said that the South East region was expecting to do some imminent communications around the interventions the region is seeking to address with SPF funds and the contact details for interested organisations. SG added that a consistent approach to Welsh Government engagement across the regions would be welcome.

Carwyn Jones-Evans (CJE) said that Mid Wales is in a similar position to South East. Lots of conversations are taking place and while expectations are being raised, there is still a process to follow before funds can reach beneficiaries. Evidence of need will be a crucial determining factor.

CJE added that the funding landscape is becoming fragmented given the diversion from Structural Funds to the Community Renewal Fund and now the SPF. Work is being done to simplify the process and align local accountability and decision-making with regional oversight and strategy.

Paul Relf (PRe) said that the position in the South West is very similar. Maintaining provision of previously EU-funded pre-16 programmes like Cynnydd is important as is the need to direct funding to where the pressure points are.

PRe added that the South West would be aligning the SPF to existing forums and regional structures.

Sioned Williams (SW) said that the allocation for North Wales for the current financial year is £16m. A Memorandum of Understanding (MoU) has also been

received outlining £122m for the region between 2022-25 although the MoU is not legally binding.

SW said that there is likely to be an element of financial risk for projects that overlap financial years. The region will receive a financial offer each year dependent on performance.

The funding for the Multiply programme is £4.4m less than the original allocation for the region and clarity is being sought from UK Government on this matter.

Cyngor Gwynedd will be formalising service level agreements with other North Wales authorities and administering grant proposals. The Regional Skills Partnerships and North Wales Economic Ambition Board are engaged in the process.

SW said that a key challenge was the length of the programme. Spending the entire SPF allocation by March 2025 means that effectively there will be around 18 months of project delivery. This also involved risks for the lead authority when committing to projects that might span different financial years.

The Chair thanked SG, CJE, PRe and SW for their updates and opened the meeting to group discussion until the Minister for Economy joined at 12.00pm.

In response to the updates provided, members made the following comments:

- Major challenges and risks to be managed given grant funding is annual, the MoU is not legally binding over three years and there is no commitment to the SPF beyond March 2025.
- WLGA will be working with UK Government officials on stakeholder sessions in the New Year and working with Welsh Government to identify gaps in provision and avoid duplication.
- CBI welcomes the opportunity to facilitate engagement with the business community when appropriate.

- Ongoing mapping being done in the HE sector on the impact of unreplaced EU funds. 600 direct job losses are expected by the end of March and a disorderly withdrawal of services to beneficiaries is unavoidable given the funding cliff-edge.
- UK Research and Innovation (UKRI) has indicated that it will only consider existing funding streams and won't support continuity funding for existing projects. The loss of talent will have a direct impact on universities' ability to contribute to regional development in Wales going forward.
- Media work to highlight the predicament of HE is planned for January and the sector welcomes any support in terms of positioning.
- The experience of the FE sector in terms of engagement with the SPF has been mixed and inconsistent at regional and local levels. There is real concern across the sector regarding the future of post-16 provision where there is a significant increase in demand, but in many instances colleges will cease those services in March. Large numbers of redundancies are expected as a result.
- The voluntary sector hasn't been engaged satisfactorily and much better communication is needed. Some organisations are considering closing and many are closing down activities because they don't see any opportunities to replace the lost EU funding.
- Much of the next two years is likely to be spent rebuilding infrastructure and services that are currently being dismantled. Imperative that the SPF process is speeded up significantly.
- There are ongoing discussions with UK Government about the need for flexibility with funding for the Multiply programme. Further evidence has been provided showing the problems with delivering Multiply in a Welsh context.

SG accepted the members' comments, but noted that communicating with confidence about the SPF has been very difficult based on the lack of clarity and delays in the scheme. SG also added that local government had no role in the design and development of the SPF, but is just delivering the scheme on behalf of UK Government locally. Now the investment plans have been approved,

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communication and stakeholder engagement will intensify.

The Chair thanked members for their comments and welcomed the Minister for Economy, Vaughan Gething MS, to the meeting.

3. Minister for Economy

The Minister for Economy made the following points in his opening remarks:

- The SPF has been a failure as a replacement for EU funds. The money is a significant reduction and programmes would have started almost two years ago if promises had been kept. In contrast, the SPF hasn't got off the ground with a few months left of this financial year.
- Current rules mean that unspent money could be returned to the Treasury. This needs to be unpicked, especially due to the lack of flexibility with the Multiply programme making underspends likely.
- Welsh Ministers have consistently raised the problems with the SPF and Multiply to a succession of UK Government Ministers. It's still not clear whether there is a willingness to accept the issues and make changes to the programme. We don't want contradictory and piecemeal approaches or competition for funding in devolved areas.
- This situation is now having a very real impact on programmes, growth and jobs at a time when we need them most. There is no doubt that many difficult decisions have already been and will continue to be made due to the UK Government not honouring their financial commitments and dismissing the Framework we developed together as the model for investing these funds.
- The voice of the Forum has real value in communicating consistent positions over the problems the SPF is creating. While the Welsh Government does not have a formal role with the SPF, we are committed to supporting our partners and making the best of a bad situation.
- The Forum is an important means to share information – not only on the SPF

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and the Levelling-Up Fund, but also other developments including those around Agile Cymru, Horizon Europe and the OECD project to develop a shared understanding of regional working. The Forum will be extended for at least another year to address these issues.

In response to the Minister's remarks, members made the following comments:

- Business groups would welcome sight of SPF regional investment plans when appropriate to consider opportunities for the private sector.
- Higher Education is anticipating the loss of 600 jobs, the withdrawal of services and loss of talent to Wales. UK sources will not support continuity funding for previously EU supported projects.
- Further Education is very concerned about the loss of funding and the impact on services. Important to understand the mechanisms for engagement with the SPF.

The Minister for Economy made the following points in his concluding remarks:

- Regional SPF plans should be visible and engagement managed. Local authorities are under significant pressure to make a success of a scheme that is underfunded, badly designed and beset by delays.
- Fully support Universities Wales' positioning. UK Government design of the SPF was always going to hurt the Higher Education sector and others. The funding issues facing HE in Wales are also being felt across the UK so there is an opportunity to pursue this issue on a UK wide basis.
- The design of the funds doesn't set out any proper engagement mechanisms, which is a major challenge for local government. Keen we work together and get the best out the funding we have.

SG added that he is happy to meet with stakeholders to share information and make sure engagement is taking place with the right people.

The Chair thanked the Minister for joining the meeting and members for their

comments.

4. Future role of the Forum

The Chair stated that a review of the Forum was due this year, and the new Draft Terms of Reference, which was issued to members last week, provides a basis for the Forum's continuation up to early 2024 when all EU-funded projects will be closed. At that point a further review of the Forum and its role will take place.

The Chair noted some of the key aims of the new Terms of Reference:

- It aims to support partnership-building between members and the strengthening of relationships with the Welsh Government.
- Improve information-sharing, sharing of lessons learnt and best practice.
- Look beyond the immediate term, to the next 18-24 months, using the principles of the Regional Investment Framework and the work being undertaken by the OECD on regional governance and development.
- Influencing the development of the Agile Cymru programme to lever international investment and opportunities into Wales.
- Ensure the Forum's activities are oriented towards relationship building, regional investment more broadly than only the SPF, and collaboration on what can be achieved in Wales under UK and other frameworks.

In response, members made the following comments:

- The document is still too SPF heavy and needs to reflect the funding landscape more broadly including in areas around Research and Innovation and rural development.
- A need to look more widely at other sources of investment – not only public, but also private, and utilise the networks of Forum members.

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- Interest in presentations on funding opportunities from external organisations and Welsh Government.
- Rural development is a cross ministerial portfolio. Consideration also needed on land management funding, green finance and innovative finance.
- Important that the Terms of Reference are flexible to cover all topics of interest to the membership. Potentially a case for smaller working groups to convene.

The Chair thanked members for their comments and invited any further written comments via email by Monday 16 January. The Forum can then formally sign off the terms of reference for publication on the website at the next meeting.

5. Any other business

The minutes of the 29 September meeting were cleared for publication on the Welsh Government website. 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 around the end of February and a diary marker would be issued in due course.

Annex A: list of attendees

Chair

Huw Irranca-Davies MS

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Members

Organisation	Name
Wales Rural Network	Eirlys Lloyd, Chair
Grahame Guilford and Company Ltd	Grahame Guilford
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
Further Education	Lisa Thomas, Head of The College, Merthyr Tydfil
CBI (Business)	Leighton Jenkins, Assistant Director, CBI Wales

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Organisation**Name**

Third Sector Partnership

Matt Brown, Director of Operations, WCVA

Development Bank of Wales

Rob Hunter, Head of Strategy

Chambers Wales

Oliver Carpenter, Policy Executive

North Wales Partnership

Cllr Dyfrig Siencyn, North Wales Economic Ambition Board

Future Generations
Commissioner

Professor Rachel Ashworth, Dean and Head of Cardiff Business School, Cardiff University

Local Government

Simon Gale, Rhondda Cynon Taf County Borough Council

Carwyn Jones-Evans, Ceredigion County Council

Paul Relf, Swansea Council
Sioned Williams, Gwynedd Council

Welsh Government Attendees

Name**Role and department**

Peter Ryland

WEFO – CEO

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Name	Role and department
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 Mallam-Brown	WEFO – Senior Policy Officer (Regional Policy)
Colette Kitchen	Welsh Treasury – Intergovernmental Relations Manager
Elin Gwynedd	Local Government – Deputy Director, North Wales
Bryn Richards	Business and Regions – Head of Regional Planning
Sioned Evans	Business and Regions - Director
David Rosser	Business and Regions – Chief Regional Officer (South)
Alex Bevan	Special Adviser

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