



Llywodraeth Cymru  
Welsh Government

MEETING, DOCUMENT

# Strategic Forum for Regional Investment in Wales meeting, 27 November 2023: minutes

Minutes for the Strategic Forum for Regional Investment in Wales meeting, 27 November 2023.

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# 1. Welcome

The Chair opened the meeting by thanking members for their attendance and welcoming Maria Varinia Michalun and Alex Durand from the OECD to the Forum to provide an update on the OECD's project with the Welsh Government on regional economic development.

The Chair also welcomed local government colleagues – Dylan Rhys Griffiths (North Wales), Carwyn Jones-Evans (Mid Wales), Paul Relf (South-West Wales) and Derek James (South-East Wales) – who will present the progress of the Shared Prosperity Fund in their respective regions.

The Chair also noted that following a breakthrough on the UK's association to the EU's Horizon Europe programme, Baudewijn Morgan (Welsh Government) would be providing an update on the latest developments.

At the invitation of the Chair, the draft minutes of the previous meeting of 18 July were passed without further comment.

## 2. OECD project update

The Chair noted that Varinia and Alex had been in Wales over recent months to host workshops in each of the regions and with the Welsh Government. The Chair thanked those who contributed to those sessions and handed over to Maria Varinia Michalun (MVM).

MVM noted that more than 150 stakeholders from Wales' regional development community had attended the recent sessions with the OECD including Welsh Government, local government, Corporate Joint Committees (CJCs), the third sector, private sector and academia.

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MVM stated that the sessions had a strategic but also implementation focus so regional approaches could be taken forward in a more integrated fashion and through agreed principles for joint working.

MVM said that the key takeaway from the sessions was that CJsCs understand the need for scale in regional working but require greater clarity over their mandate and flexibility over what they are working on.

MVM said that plans comprising concrete steps to help the Welsh Government and the CJsCs achieve their regional economic development aims were now being finalised. A full synthesis report would be published towards the end of the OECD project expected in March 2024.

In response to the OECD update, members made the following comments:

- CJC mandate is under-resourced and under-funded if the aim is to integrate policies at local and regional level that aren't integrated at national level.
- CJsCs being imposed creates a suspicion that local authorities are being "directed".
- Existential budget challenges within local government means that resourcing CJsCs is being called into question and expanding their role feels implausible due to the priorities and challenges elsewhere.
- Strategic engagement between Welsh Government and CJsCs is being strengthened at both Ministerial and official level.
- There needs to be a bottom-up approach from local government recognising that all four regions have very different positions, especially with regard to funding programme ventures like the City and Growth Deals. Key to reflect the different circumstances and need.
- Ensuring there is capacity for CJsCs to operate is a very real issue for local government. Expectations for CJsCs need to reflect this.

MVM thanked members for their feedback and acknowledged that financial pressures are creating uncertainty over what can be achieved.

MVM said that consideration could be given to sharing administrative functions and noted that delivery timescales being too varied and unaligned were also exacerbating resource pressures.

MVM concluded by stating that it's still early days for CJs who all are developing at different speeds and in different ways, however a critical point is being reached in their development that will determine whether they become key delivery partners in the future, or more of a footprint in policy development.

### 3. Local government update

The Chair invited Dylan Griffiths (DG), Paul Relf (PR), Carwyn Jones-Evans (CJE) and Derek James (DJ) to provide an update on the progress of the SPF in each of the regions of Wales.

#### North Wales

DG emphasised the context that SPF Investment Plans were submitted in August 2022 and it had been less than a year since local authorities were in receipt of the funding.

DG noted that 158 applications for SPF funding in North Wales had been approved, committing £114 million. This includes £105.5 million for the core SPF priorities (94.8% of SPF core allocation) and £8.5 million for the Multiply programme (55.7% of the Multiply allocation).

Of the funding approved in North Wales 89% was for single local authority projects and 11% for multi local authority projects. DG said that the funding distribution across the core SPF priorities was: Communities and Place (52%), Supporting Businesses (22%) and People and Skills (25%).

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DG stated that delivery timescales continue to pose a challenge, as will turning commitment into spend. He added that Multiply was still an issue due to the disproportionate allocation, while there was a significant excess demand for community and business grants.

## **South West**

PR said there were lots of consistencies between the situation in the North and that of the South West. He said that the South West approach had been aligned with existing regional strategies such as the Regional Economic Framework.

PR stated that there had been a strong partnership with Gower College in delivery of skills programmes, but Multiply was going to be a significant challenge due to the outsized budget.

He added that a report on progress was due to be published shortly which would contain figures on financial commitments and distribution.

## **Mid Wales**

CJE said that 109 projects had been approved in Mid Wales worth £23.8 million, which is 56% of the region's total SPF allocation.

This includes 46 Communities and Place projects, 44 Supporting Business projects, 11 People and Skills projects and 8 Multiply projects.

Communities and Place projects have been funded in areas such as town centre regeneration, energy efficiency, feasibility studies, sports facilities and voluntary sector grants.

Business projects include grant schemes, events and networking, research and development and support for social enterprises.

People and Skills funding is supporting digital skills training, upskilling opportunities, employability training and support for young people.

CJE said there is risk of a significant underspend on Multiply unless funding can be reallocated to other SPF investment priorities. He added that a final funding call was possible in 2024 and an evaluation of the Fund was being planned.

## South East

DJ said that significant work was underway to continue Year 1 projects and mobilise further projects into Year 2. More than 200 live projects are currently in delivery with a further 140 planned.

DJ said that £88.7 million of the Year 2 funds had been committed, amounting to 87.5% of the allocation for the year.

In the South East funding is supporting projects in a range of areas including tackling the cost of living crisis, Net Zero, business support, skills and employment.

DJ stated that key challenges in the region are the lack of flexibility over Multiply and the programme closure requirements beyond 31 March 2025, however a significant level of delivery was underway with further exciting initiatives planned.

In conclusion, local government regional representatives noted the challenges of the scale of SPF funding due in 2024 to 2025 and the lack of clarity about whether the UK Government will allow a spending extension. The lack of multi-annual funding is also a particular challenge with capital projects.

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

- Can Multiply funding be reallocated to other SPF investment areas?
- Can funding be carried forward between financial years?

- Being classed as commercial businesses is creating issues for third sector organisations affected by subsidy control regulation.
- Lobbying is taking place for flexibility over Multiply, but not optimistic of a pragmatic outcome.

Local government representatives confirmed that some Multiply funding was moved to other priorities in Year 1 of the SPF, but they were still seeking flexibility from the UK Government for current and future years of the programme. Funding can be carried forward between financial years, but with conditions attached. For example, 80% of Year 2 funds must be spent to trigger the full allocation up front of Year 3 funds.

## 4. Horizon Europe

The Chair noted that a breakthrough had been reached on UK association to the EU's Horizon Europe research and innovation programme and invited Baudewijn Morgan (BM) to provide an update.

BM said that political agreement on UK association was agreed in September. This has subsequently been approved by the Council of the European Union, and the final stage of the process is the deal being formalised by the Specialised Committee under the EU-UK Trade and Co-operation Agreement. This is imminent.

Formal association means that from 2024 to 2027, the UK will contribute funding to the Horizon Europe programme and be eligible for EU funds as a result. It's important that we demonstrate the value of association by re-engaging networks, contributing to policy debates and competing for funds.

BM added that events are being planned to help re-engage networks, rebuild trust and raise participation. Agile Cymru funding has been made available to



support Welsh organisations to re-engage with Horizon and rebuild networks. There is also national contact point support available within the Welsh Government.

## 5. Framework for Regional Investment

The Chair invited Peter Ryland (PRy) and Alison Sandford (AS) to provide a brief update on the refresh of the Framework for Regional Investment.

PRy said that the work taking place on the Framework would link with the wider refresh of the Welsh Government's Economic Mission and with the outcomes and lessons of the OECD's final report which is due in March 2024.

AS said that members would be approached from the New Year to take forward work on the Framework outside of formal meetings of the Strategic Forum.

## 6. Any other business

The Chair thanked members for attendance and ongoing contributions.

No further business was raised and the Chair advised that the next meeting would take place in early 2024.

## Annex A: list of attendees

### Chair

Huw Irranca-Davies MS

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## Members

Maria Varinia Michalun, Head of Governance and Planning for Regional Development (OECD)

Alexis Durand, Regulatory Policy Division (OECD)

Amanda Wilkinson, Director, Universities (Wales Higher Education)

Lowri Gwilym, Team Manager – Europe and Regeneration (WLGA)

Rhianne Jones, Lead Specialist Advisor EU Exit and Land Management (Natural Resources Wales)

Glenn Bowen, Director of Enterprise, Cwmpas (Third Sector - Social Enterprise)

Hywel Edwards, Higher Education Funding Council for Wales

Lisa Thomas, Head of The College, Merthyr Tydfil (Further Education)

Matt Brown, Director of Operations, WCVA (Third Sector Partnership)

Paul Butterworth, CEO, Chambers Wales

Grahame Guilford, Grahame Guilford and Company Ltd

Leighton Jenkins, Assistant Director, CBI Wales, CBI (Business)

Rob Hunter, Head of Strategy, Development Bank of Wales

Cllr Dyfrig Siencyn, Ambition North Wales (North Wales Partnership)

Shavanah Taj, General Secretary, Wales TUC (Trade Union)

Derek James, Rhondda Cynon Taf County Borough Council (Local Government)

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Carwyn Jones-Evans, Ceredigion County Council (Local Government)

Paul Relf, Swansea Council (Local Government)

Dylan Rhys Griffiths, Gwynedd Council (Local Government)

## **Welsh Government attendees**

Peter Ryland, WEFO – CEO

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

Alison Sandford, WEFO – Head of Policy and Partnership Working

Mike Richards, WEFO – Communications Manager

Baudewijn Morgan, WEFO - Head of Energy and Energy Efficiency / Horizon Europe Branch

Sarah Govier, Welsh Treasury – Head of Intergovernmental Relations

Tom Smithson, Business and Regions – Deputy Director Economic Strategy & Regulation

Nathan Cook, Business and Regions – Head of Policy – Economic Resilience

Colin Morris, Employability and Skills – Head of Employability Programmes

Chris Stevens, Local Government – Head of Local Government Performance and Governance

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Ann Watkin, Business and Regions – Head of Strategy, Operations Alignment and Planning

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