

**Regional Investment for Wales Steering Group  
DRAFT Minutes of the meeting held on 18 February 2019**

<b>Introduction</b>
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1. The Chair welcomed all members attending (Annex A) to the first meeting of the Regional Investment for Wales Steering Group and confirmed the Group's purpose to take forward the co-design of successor arrangements for regional investment in Wales after Brexit, working on the assumption that European Structural and Investment Funds will be replaced in full by the UK Government and that devolved Welsh Government economic development competences will be fully respected.
2. The Chair noted the Group's importance in identifying how best to create a tailor-made approach for Wales: an approach that took full advantage of the opportunity available, once the UK leaves the EU, to build on the experience gained in managing successive EU programmes whilst simplifying wherever possible regional investment arrangements and ensuring their relevance to functional economic areas within Wales.
3. The Chair highlighted that, assuming the Welsh Government's requests of the UK Government are met, there will be scope to reconsider the focus of future regional investments and that this will open up new challenges, with some difficult choices needing to be made if we are to hit the ground running in 2021. It will be important that the group draws upon all available expertise and to that end the Chair encouraged members to discuss issues raised in meetings widely among their constituents. The Chair indicated that he will be feeding back on the Group's discussions to the Counsel General and Brexit Minister and the Minister for the Economy and Transport, and the Group's recommendations will help inform related ongoing work being led by the Welsh Government.

<b>Draft Terms of Reference and Membership</b>
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4. The Chair confirmed that the Group has been established to advise Welsh Ministers to ensure proposals fully reflect the view of partners across Wales. The Group is not expected to take decisions. The Chair stated that he had received correspondence from the Wales Co-operative Centre regarding representation of social enterprises on the Group. He noted that further recommendations could be made to Ministers on the Group's membership, but explained that while there could be some flexibility it was important to keep the Group focused and manageable in size to enable strategic level discussions. The Chair also added the Group was the national, strategic mechanism for engagement, and there will be opportunities for sub-groups involving other

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5. representatives to be established to inform development work on specific issues. Additional people may also be invited to attend meetings of the Steering Group to discuss particular issues, and as work progresses over the next two years there may be a need to review this Group's membership.
6. The Chair updated the Group on the additions to the list of membership included as an Annex in the Terms of Reference paper.
7. The Group provided the following comment:
  - that the draft terms of reference paper, as well other papers circulated, addressed policy and implementation separately, but that for the project to be successful the two need to be considered together.

<b>Oral updates</b>
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***UK Shared Prosperity Fund – Tom Smithson, Welsh Government Regional Investment Unit***

8. Tom Smithson provided an update on the UK Government's Shared Prosperity Fund (SPF). Key points made were as follows:
  - Welsh Ministers continue to press the UK Government for funding to replace the EU funds in Wales after Brexit and, in line with our devolution settlement, for the Welsh Government to retain the autonomy to develop and deliver successor arrangements tailored to the distinctive policy, legislative and partnership landscape in Wales;
  - These Welsh Government positions have also been recommended by National Assembly for Wales Committees, the UK All-Party Parliamentary Group on Post-Brexit Funding for Nations, Regions and Local Areas, and by a wide range of stakeholders;
  - The promised UK Government consultation scheduled initially for the end of 2018 has yet to materialise and the Welsh Government has not had any meaningful input into its preparation. We continue to feed in our views and those of our stakeholders and seek constructive engagement with colleagues in the UK Government;
  - The UK Government has held a series of pre-consultation events for stakeholders in Wales and at the most recent, held during January in North Wales, a Welsh Government official did participate for the first

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time and presented development work already underway in Wales and clear Welsh Government positions. Meanwhile, officials continue to work with partners in Wales, including through this Group, on developing successor arrangements.

9. The Group provided the following comments:

- It was felt vitally important to progress Wales' own arrangements for regional investment, while also closely monitoring UK developments and being prepared to respond to them. Part of this preparation should include the recognition that UK approaches and models are different from those typically used in Wales.
- The Group's sector representatives should take any and every opportunity to reinforce Welsh positions on future funding when in communication with their UK counterparts; including encouraging UK wide bodies to recognise devolved competences.

***Economic Action Plan and Regionalisation – Marcella Maxwell***

10. Marcella Maxwell provided an update on the progress of the implementation of the Welsh Government's Economic Action Plan (EAP), and its regionalisation agenda which would be key for investing future regional economic development funding in Wales.

11. The Group provided the following comments:

- There is a need for greater levels of co-operation within regions across Wales, while partnerships and links also need to be built with regions across land and sea borders, including those in England and Ireland;
- Future regional investment arrangements need to recognise and take account of existing and emerging City and Growth Deal arrangements;
- Efforts should be made to simplify current regional structures by integrating existing working arrangements wherever possible. This might include the Public Services Boards;
- Support for the foundational economy aimed at achieving inclusive growth should be considered in future investment arrangements;
- An important consideration linked to creating successful regional strategies is the question of appropriate delegation to the regions themselves;

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- Mid Wales currently is considered part of the same region as Swansea, yet it is important to recognise that the two economies are very different to each other, particularly as Mid Wales is mostly rural. In addition, it was noted that areas of Mid Wales would also want to work with English regions such as the Midlands, whereas this would not generally be as important for areas within West Wales; such cross-border links could help with maximising future access to UK-wide funding streams;
- In terms of how future funding may best support regions, it will be important to look at whether companies and organisations located within a region can deliver what the region needs – it will be important to look beyond the current industrial mix and make-up.

***OECD Project Sheilah Seymour, Welsh Government Regional Investment Unit***

12. Sheilah Seymour introduced the OECD project which will support the development of a new regional economic development policy for Wales. The following key points were made:
  - The OECD will provide rigorous challenge and advice to the Welsh Government on the implementation of the Economic Action Plan and as we develop new plans for Regional Investment in Wales after Brexit;
  - It is a two-year project, involving an analysis of the Welsh multi-level governance system in order to help build institutional capacity for regional governance. There will be a study mission to support the analytical work and series of seminars to develop and disseminate a toolkit for action to help with regional policy development;
  - The OECD questionnaire/survey has now been received, and Welsh Government officials will engage with those who are best able to respond to the survey, including the regions where appropriate;
  - The Group will be informed and involved in the OECD work via meetings and email,
  - A handout covering the OECD work in more detail has been published on the Welsh Government's web page at:  
  
<https://gov.wales/funding/regional-investment-in-wales-after-brexite/>
13. Professor Kevin Morgan declared an interest, as the OECD has asked him to be part of their review panel. He has also written a paper to help with the OECD work; he offered to share the paper with the group.

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**DISCUSSION: Policy scope (Paper 02) – Tom Brown, Welsh Government  
Regional Investment Unit**

14. Tom Brown introduced a first discussion policy framework paper to help direct future work around the strategic context and targeting of future investments, including the basis for taking forward a more outcomes based model and its alignment with the goals of the Well-being and Future Generations (Wales) Act 2015. The group was asked to consider what objectives should be sought to determine future investments.
15. The Group provided the following comments:
  - The use of a grant model should not be the only way to deliver funds: other mechanisms should also be explored. WG officials confirmed that other models such as financial instruments will be considered, with meetings taking place with the Development Bank of Wales to help develop this early thinking;
  - The lack of information from the UK Government on the UK Shared Prosperity Fund made it more difficult to talk confidently about what should and should not be an objective for the replacement arrangements;
  - The Well-being of Future Generations Act should be the key means for setting objectives for regional funding;
  - That outcomes are more difficult to measure success against than more traditional output-style performance measures, and so robust, intelligent indicators will need to be set for the programme overall and likewise intelligent performance measure for individual projects;
  - That productivity is typically used as a key measure of success in many systems;
  - Regions must be given the opportunity to define their own objectives for addressing the challenges that they face.

**DISCUSSION: Implementation model (Paper 03) – Anton Orzel, Welsh  
Government Regional Investment Unit**

16. Anton Orzel introduced the implementation model paper, linking it to the work undertaken with the OECD and their guidelines on best practice.

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17. The Group provided comments including:

- That policy and implementation should not be treated as separate strands, as raised earlier in the meeting;
- That it would be best to start from very early stages of implementation, to look at what hasn't worked elsewhere – especially in comparing an outcomes focus to a target-driven model – to prioritise setting direction and key objectives in designing a national framework;
- In order to create effective regionalisation regions must be given the ability to reject projects, and a system which is responsive and flexible enough to deal with cross-border working;
- A more proportionate approach to risk will be needed; i.e. accepting that some things will fail, and not everything will work. Linked to that should be a feeling of empowerment without Government micromanaging. This would be helped by clear priorities and communication with the regions;
- A clear governance structure is needed so that partnerships are absolutely clear on who is responsible for what. It will be important to put the right people in the right place to deliver through the replacement arrangements the ways of working under the Well-being of Future Generations Act;
- In the past, too much resource has been invested into either National-level projects that did not make a big enough impact regionally or micro projects that failed to address wider problems. Targeted funding should help address regional needs;
- A national framework must avoid being overly specific so not to hamper regions' abilities to meet their own issues / needs. Better regional co-ordination is distinct from national delivery;
- The Welsh Government should consider the powers English regions will have and compare them to its own proposals for Welsh regions, as parity could enable better cross-border co-operation;
- In terms of transitioning to the new arrangements, the Welsh Government should be aware of the “cliff edge” effect on social outcomes which could result from the loss of schemes;
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- There should be one national IT System designed to meet the structure of the funding approach;
- Any delegation policy must be attached to accountability, including embedding the five ways of working in the sustainable development principle under the Well-being of Future Generations Act.

<b>Planning Analytical Work – Sheilah Seymour, Welsh Government Regional Investment Unit</b>
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18. The Chair asked members to note that the two papers presented as part of this agenda item were marked as draft and so must not be shared outside of the group at this time. These papers were a literature review of the features of effective regional policy and an initial attempt at mapping existing regional working arrangements in Wales.
19. Sheilah Seymour made the following key points:
- The draft papers will be further developed in time for the Group's next meeting; at this stage they are intended to provide an initial outline of the areas the final papers will cover;
  - Suggestions are welcome from the Group on other areas or subjects to be covered in future papers.
20. In addition to the analytical work within these papers, Sheilah noted that the research team will be carrying out other work including:
- Managing the OECD project;
  - Working with Welsh Government colleagues to prepare thematic reviews capturing lessons from the delivery of previous and current EU Structural Funding programmes;
  - A national socio-economic analysis to provide a reference for regional development work;
  - Developing a new monitoring and evaluation framework alongside the development of the other work streams;
  - Developing a longer-term programme of research and analysis aimed at filling knowledge gaps identified through the evidence and thematic reviews currently being undertaken;

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- A literature review which should be complete by the Group's next meeting. As regional working is evolving, an updated version of the regional mapping exercise will be brought to the next meeting.

21. The Group provided the following comments:

- There should be reference to the dual accountability of regional skills partnerships to Welsh Government and to the regions. Transport partnerships, Higher Education and Further Education should be included;
- The Welsh Government's EU Transition Team have undertaken similar regional mapping work which can be fed into this paper;
- There should be further analysis of skills based mapping, and stronger references to Public Services Boards and to the Area Statements produced by Natural Resource Wales, which identify environmental opportunities and risks in an area;
- The Group requested research on what has worked, high growth/mixed economy. There is a need to focus on what we are trying to achieve;
- The Chair mentioned this is just a starting point and the research will look at lessons learned from other endeavours. We can then commission further research if need be in certain areas.

<b>Stakeholder engagement strategy – Alison Sandford, Welsh Government Regional Investment Unit</b>
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22. Alison Sandford introduced the discussion paper covering ideas and opportunities for external engagement to help inform the development of a comprehensive engagement strategy, which will be brought to a future meeting of the Group.

23. The following key points from the paper were made:

- This Group would be the national, strategic mechanism for engagement with stakeholders;
- Subject to this Group's agreement, we are looking to establish sub-groups to consider the detail around thematic/specific issues, with Group members encouraged to provide suggestions on the type of sub-groups to be established;



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- There will be significant opportunities for engagement through the work of the OECD; for example, study missions and events;
- The work of the Chief Regional Officers and their teams, and the engagement they have with the regional partnerships will be central to the engagement strategy;
- We will seek to engage periodically with other political and thematic groups (e.g. National Assembly for Wales committees, Social Partner Strategy Group);
- We are keen to attend events organised by Members' sectors to provide updates on development work; and
- We recognise the need to engage more with businesses, young people and citizens, and Members were asked to provide views on how to best achieve this.

24. The Group provided comments including:

- Agreement to the creation of sub-groups as a means for addressing specific development issues in more detail; for example, issues mentioned covered skills, innovation, rural-urban linkages. The Group welcomed a paper on the subject of sub-groups for consideration at a future meeting;
- Engagement should find a way of connecting with more than the 'usual subjects' – including making specific arrangements to engage communities with protected characteristics, that are less often represented in consultation activity. Lessons learned from delivery of EU funds include that while there is a good level of awareness, people did not necessarily know about the difference the funds were making;
- Future communication to the public on investments made should be promoted as a suite of projects delivering in a region, rather than as stand-alone projects. This approach would help increase awareness and understanding among the public about the improvements and benefits being created by funding investments;
- Assessments of Local Well-being, undertaken by Public Services Boards under the Well-being of Future Generations Act could prove to a useful way of looking at what areas have already said about what they want for their community;
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- The Structural Funds Regional Engagement Teams currently operating within each of the four regions could help facilitate engagement within their area;
- The Group asked for greater use of digital communications as part the engagement strategy – especially to capture the input of people who have inter-regional interests;
- An engagement toolkit, including a set of key messages, would be very useful to help ensure representatives of this Group are all clear on the messages to be given when engaging with stakeholders, including UK counterparts, and the public.

<b>Future meetings – Chair</b>
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25. The Chair asked the group to note that the group's next meeting will take place on 2 May; the location is yet to be confirmed.
26. The Group agreed to the Chair's suggestion that future meetings be held in various other locations across Wales, as the Group is responsible for co-producing a regional investment model that works for the whole of Wales. Officials will let members know as early as possible the dates and future locations of meetings.

<b>Any Other Business and Closing Remarks</b>
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27. No AOB items were raised.
28. The Chair thanked everyone for attending and for the comments received on the papers presented this morning. The draft minutes of the meeting will be circulated to members and following agreement will be published on the Welsh Government's web pages.
29. The Chair closed the meeting.

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## ANNEX A

## LIST OF ATTENDEES

<b><u>Nominating organisation</u></b>	<b><u>Name</u></b>	<b><u>Occupation</u></b>
Universities Wales	Amanda Wilkinson	Director of UW
Higher Education Funding Council for Wales	Bethan Owen	CEO
Welsh Local Government Association (WLGA)	Carwyn Jones-Evans	Economic Development & Regeneration, WLGA
Natural Resources Wales	Ceri Davies	Executive Director of Evidence, Policy and Permitting, NRW
Growing Mid Wales Partnership	Cllr Rosemarie Harris	Chair of Growing Mid Wales Partnership
Wales Rural Network	Eirlys Lloyd	Community Partnerships/Food Centre Wales Manager, Ceredigion County Council
Grahame Guilford (independent)	Grahame Guilford	Owner, Grahame Guilford and Company Ltd
EHRC	Hannah Wharf	Head of External Affairs
North Wales Partnership	Iwan Trefor Jones	Corporate Director, Gwynedd Council
Colleges Wales	Lisa Thomas	Head of The College Merthyr Tydfil
Confederation of British Industry (CBI) Wales	Nick Speed	Head of Public Affairs & Policy, Wales & Regions, Centrica plc
Future Generations Commissioner	Paul Maliphant	Development Director and Account Leader, Mott MacDonald Limited
Third Sector Partnership Council	Phil Fiander (on behalf of Judith Stone)	Deputy Chief Executive, WCVA
Professor Kevin Morgan (independent)	Professor Kevin Morgan	Professor of Governance & Development, School of Geography & Planning, Cardiff University

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South East Wales Partnership	Rhys Thomas (on behalf of Cllr Kellie Beirne)	Cardiff University
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**Welsh Government attendees**

<u>Name</u>	<u>Department/role</u>
Peter Ryland	Director, WEFO
Rob Halford	Deputy Director – Strategy, WEFO
Tom Smithson	Head of Regional Investment Policy - WEFO
Alison Sandford	Head of Partnership Working – WEFO
Tom Brown	Senior Policy Manager (Regional Policy) – WEFO
Anton Orzel	Strategy Development Manager – WEFO
Sheilah Seymour	Head of Research and Analysis for Regional Investment Policy – WEFO
Tom Higgins	Social Researcher for Regional Investment Policy – WEFO
Ashley Davis	Policy Officer for Regional Investment Policy – WEFO
Marcella Maxwell	Head of Economic Action Plan Implementation
Steve Codd	South East Wales Regional Partnership, IT Head (for David Rosser, CRO SE Wales)
Andrew Clark	Deputy Director – Skills, Higher Education and Lifelong Learning (for Huw Morris, Director)
Helen Minnice-Smith	Agriculture & Climate Change Policy Adviser – Economy and Rural Affairs EU Exit and Strategy (for Ruth Studley, Director)
Nick Williams	Building for the Future Programme Manager, Housing and Regeneration (for John Howells, Director)

**Apologies received**

<u>Nominating organisation</u>	<u>Name</u>	<u>Occupation</u>
South West Wales Partnership	Cllr Rob Stewart	SW Wales regional partnership; City and County of Swansea Council
Trades Unions	Martin Mansfield	General Secretary, Wales TUC
Federation of Small Businesses (FSB) Wales	To be confirmed	To be confirmed

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(Welsh Government)	Sioned Evans	Director, Business and Regions
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