

**Regional Investment for Wales Steering Group
Draft Minutes of the meeting on 2 May 2019**

Introduction

1. The Chair welcomed members to the meeting, and in particular extended a warm welcome to the two new members Ashley Rogers from the Federation of Small Business (FSB) Wales and Derek Walker from the Wales Co-operative Centre.
2. The Chair informed members that there would be a change of membership representing the North Wales regional partnership in light of Cllr. Shotton's resignation from Flintshire County Council last month. The new member would be confirmed in due course.
3. A full list of attendees and apologies is at Annex A of these minutes.

Minutes of the Previous Meeting

4. Members agreed the draft minutes of the meeting on 18 February and cleared them for publication on the Welsh Government's web pages.

Chairs Update

5. The Chair reiterated the purpose and rationale for the group, for the benefit of the new members and alternates. The Group was established jointly by the Counsel General and Brexit Minister and the Minister for Economy and Transport to provide advice to inform discussions across Welsh Government on regional development and a framework to guide investments across Wales, including replacing our EU structural and investment funds.
6. It is not solely about replacing EU funds. The work is part of the approach to regional economic development described under the Economic Action Plan (EAP). The regional economic plans and regional approach described under the EAP could help guide a suite of funding streams – including the replacement of EU funds. It is important lessons are learned from different approaches to ensure the investment approach is right from the outset.
7. The Chair noted that he will be feeding back the discussions of the Group to the Counsel General and Brexit Minister and the Minister for the Economy and Transport.

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8. The Chair invited Peter Ryland to provide a short update on the current position in relation to Brexit and the proposed UK Shared Prosperity Fund (UKSPF). Progress around Brexit had been slow, with the Article 50 deadline now extended to 31 October. Meanwhile, the pre-election period for the European Parliament elections was now underway which means the Welsh Government is restricted in what announcements it can make during this time.
9. Peter reported that a UK Government consultation on the design of the UK Shared Prosperity Fund (UKSPF) was unlikely to be launched soon as UK Ministerial efforts were still focussed on Brexit issues around Article 50 and the Withdrawal Agreement. The UK Government has not discussed the detail of the document with devolved administrations, raising significant concerns about the lack of respect for devolution despite repeated assurances it will be respected. The Welsh Government continues to press the UK Government to confirm its calls for replacement funding without strings, respecting devolved competences and the decisions that have been made in Wales since devolution. Continued uncertainty in London is unlikely to abate soon, so we will need to continue to develop Welsh plans whilst maintaining dialogue with the UK Government and other devolved administrations.
10. Peter also provided a short update on the Welsh Government's project with the Organisation for Economic Co-Operation and Development (OECD) to assess multi-level governance systems in Wales and support the implementation of the Economic Action Plan and successor arrangements for our EU structural and investment funds. Members were thanked for their written contributions to requests to date and it was noted field work for the project would begin with an OECD study visit to Wales w/c 24 June. The OECD will meet Welsh Government Ministers and officials, as well as a range of organisations across Wales. Peter extended the invitation for the Steering Group to meet with OECD to learn more about the project and work in hand, in particular for those members less directly involved in the work. Members welcomed the invitation provide views to the OECD.

Action 1: A special meeting of the Steering Group to be arranged with the OECD on 27 June.

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Presentation: Socio-economic analysis

11. The Chair introduced Jarlath Costello, the Welsh Government's head of economic appraisal and economic briefing. Jarlath presented an update on early work for a socio-economic analysis that would be used to inform the development of a future investment framework and objectives. Jarlath noted that this was an initial high-level national picture, with further work being planned to look in more detail at specific issues and areas.
12. Members commented that the presentation was very interesting and raised a number of questions around the wider regional agenda beyond Wales' borders. One member said it would be helpful to focus on the position in Wales in terms of the policy implications and also the Wellbeing of Future Generations Goals and Ways of Working. Another member asked whether it was possible to include evidence covering the carbon footprint, while another Member commented on the inadequacy of using GVA as a metric for allocating and measuring success of investments.
13. Huw Morris added that the Welsh Government's employability plan set out a strong case for what was planned in the area as well as a series of measures and targets. These measures and targets are reported on annually and the latest report was produced in September 2018. In addition, 'The Future of Work in Wales' report provides a useful reference document detailing how skills and related employment and employability measures have changed in Wales over the last 12 years. Huw was asked if the report could be circulated to Members.

Action 2 – Huw Morris to arrange for circulation of the 'The Future of Work in Wales' report to the Group via Secretariat.

14. Other points raised included:
 - This early analysis disaggregates GVA and productivity, which could lead to the policy conclusion of just building up cities and large urban areas. We need to look at the priorities Wales has set in the Well Being of Future Generations Act. The metrics we use to measure outcomes and set objectives for any future investment approach therefore needs to be carefully chosen.
 - Our cities are attracting talent, working against growth and trends in other regions. Wales therefore needs to work smarter using urban-rural links and City Region deals, looking at inter-dependencies, whilst being mindful of the trends for urban living and lifestyles.
 - There appears to be a mismatch between young people's skills and the jobs they were in.

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- One member felt that the presentation had covered disaggregation on gender and disability very well but that it would have also benefited from analysis on ethnicity and the socio economic disadvantages in employment in ethnicity groups.
15. The presentation will be circulated to the Group and will also be published on this meeting's web pages.

National Framework for Regional Development (RIWSG Paper 07/19 - Draft)
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16. The Chair asked Tom Brown to introduce the draft paper on the National Framework for Regional Development. Tom indicated the paper represented only a straw-man in order to have a something less abstract for members to discuss, and so was not a conclusion of a detailed analysis. That said, the structure seeks to reflect previous discussions of the group and the wider policy and legislative context, including the *Economic Action Plan* and the *Well-being of Future Generations Act*.
17. Members noted, in respect of the straw-man provided:
- In developing the new model, comparisons should be drawn from the most recent round of European Structural Funds, in terms of avoiding duplicating efforts; effects on competition; improving the avenues of feedback and learning from it; and ensuring sufficient early support.
 - Feedback on the policy development should be sought from bodies of all types that have a regional role already.
 - There should be recognition within the framework of a more circular relationship between the policy framework and the needs and experiences of regions and beneficiaries, with lessons and policy feeding “bottom up” as well as being imposed “top down”.
 - The objectives presented in the straw man are not ambitious enough – final objectives should be more aspirational.
 - More detail needed to be developed around how tensions that may arise between regional, national, and local levels will be resolved. This could be done by seeking overlap between national and regional objectives, such as around productivity.
 - Rurality is a critical part of regional priority-setting.
 - More detail is needed on cross-border working with England and internationally.
 - In mapping regional and national needs for programmes, consider that skills and education are extremely demand-led.
 - The five ways of working under the *Well-being of Future Generations Act* should be more clearly expressed in more detail.
 - The vision statement needs to be simplified, as well as changed away from describing means toward describing only ends.

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- The straw man as presented suggested an over-emphasis on the indicators, in comparison to the role they play in the formation of the four objectives.
 - More could be done to draw out how the model will help to deliver multiple benefits, in line with the WFG Act.
 - The model appears to be a good foundation for delivering more integrated work and more integrated outcomes.
 - In terms of reducing factors that create income inequalities, more representation in the model needs to be made of inclusivity, the suite of protected characteristics under the Equality Act, and adult skills.
 - In terms of supporting healthier and more resilient communities, reference needs to be made to the Regional Partnership Boards that are operating under the Social Services and Well-being (Wales) Act; these are a missing link especially in relation to the delivery of integrated social care. Co-ordination will be needed with the needs assessments under that Act.
 - Wealth creation is a key issue that cuts across multiple objectives – this should be reflected.
 - The framework needs to be clearer about the mechanisms that will implement the horizontal themes discussed in the straw man.
 - With the expected implementation date of the new framework from 2021, alignment will need to be sought with the Welsh Government's Strategic Equality Plan (SEP), the next version of which is currently under development. The SEP is a part of the policy context as much as the *Economic Action Plan*.
 - Roles and responsibilities need to be more specific and set out who does what in greater detail.
 - The straw man does not sufficiently represent what is developing on a regional basis.
 - It would be useful to include more reflection on existing regional models, for example, 21st Century Schools.
18. Members noted the supporting literature review paper that has been circulated by the secretariat, as well as the paper circulated by Kevin Morgan following the last meeting. It was emphasised that core principles should be drawn out, to provide the basis for a new approach. These elements should then be reflected fully in the future national framework.
19. It was agreed a suite of principles would be circulated to Members for comment in advance of the next meeting. This would allow for comments to feed into Ministerial discussions prior to the summer recess period.

Action 3 – Secretariat to issue a set of core principles for comments from members before the next meeting of the Group.

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20. The Group also provided the following general comments:

- Need to **keep it as simple as possible**, with a risk the document becomes complex and confusing. That said, remaining comments identified areas needing further development, so a balance will need to be struck.
- Would be helpful to agree a **clear vision and milestones** that can be published to guide development work.
- Important to fully align with regional economic plans under the Economic Action plan. But clarity needed on **feedback mechanisms** between layers, in particular regional plans and a national framework.
- There was a strong relationship between design, delivery and impact. Welcome **further work on the design, delivery and impact of wider models**, including those mentioned in other papers – the 21st Century Schools model is also well regarded and may offer lessons.
- **Rurality and the rural dimension of regional development** needs to be acknowledged and expressly targeted. Without this analysis there are challenges that could be missed, such as access to services.

21. Members made a number of comments on the draft document circulated:

- **Principles:** need to be developed to more fully reflect the literature review and best practice
- **Evidence:** in addition to the earlier discussion on the socio-economic analysis the role of wealth creation was highlighted as another area that needed to be captured in the context.
- **Vision:** the purpose needs to be ambitious, simple, and clear. Detail can be provided in the objectives / outcomes.
- **Objectives:** these need to be reframed as outcomes.
 - Key links with policy need to be described. This should include demonstrating alignment with priorities such as the strategic equality plan and key actors like Transport for Wales.
 - Performance indicators for each need to be more specific and directly relevant, with careful work required to define them to avoid unintended consequences. The indicators and outcomes can provide a focus to avoid spreading investment too thinly.

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- Performance / monitoring framework must include a feedback mechanism that provides the ability to change approaches in response to that feedback.
 - Question about how to address inter-connections between objectives/outcomes, and whether horizontal themes may need to feature more prominently under each objective/outcome to facilitate this.
 - Objectives could more clearly address inclusive growth, regional employment and the need to adjust skills
 - Regional Partnership Boards carry out local population needs assessments and they could play a role in delivering against ambitions for healthy and resilient communities.
- **Performance measures:** These need to be incorporated under each objective/outcome and should include:
 - Indicators that incorporate horizontal objectives like equality and environmental sustainability
 - A clear link between performance measures in the national framework and delivered by regional economic plans.
 - Need to ensure indicators are more specific to outcomes being sought – the National Indicators in the Well-being of Future Generations Act are too high-level.
 - Targets for increasing employment should focus not only on increasing employment opportunities but also job quality
 - **Governance and Coordination:** in particular how regional bodies and regional plans can be reflected, coordination between layers, and the need to promote cross-border links with England, rest of UK, and internationally.
 - Not clear how regions and local areas fit in and this needs to be clear up front.
 - Need to describe coordination mechanisms between layers (national, regional and local) to avoid duplication.
 - Should identify links between regions and feedback mechanism – regional and local priorities should feed into national priorities and vice versa, to ensure shared outcomes are the right ones. Cannot be a top-down process.
 - Also vital to identify and manage links with the UK across borders, building on collaborations between cross-border regional bodies.
 - Regional capacity needs to be built early, based on a clear statement of roles and responsibilities. This should build on existing structures.

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- Lessons to learn on governance across UK. It was noted discussions were underway with the UK Government's Ministry for Housing, Communities and Local Government (MHCLG) to learn lessons around the use of Local Enterprise Partnerships and implementation of the Local Growth Fund.

Action 4 – Secretariat to include for the next meeting an update on the lessons learned from the implementation approach in England of the Local Growth Fund.

22. The Chair summarised Members' responses suggesting there was a broad consensus that the National Framework proposals within the paper were addressing the right issues but there was a need for further clarity of the vision to be achieved, as well as reconciling the demand for simplicity with the request for further detail in a range of areas.
23. Tom Smithson thanked the Group for their very helpful comments, adding the paper had achieved its aim of provoking debate. These would now be taken forward in setting out greater clarity around the vision, adapting the structure in line with regional economic plans, and to further research the models suggested by the Group. The proposed workstreams to be discussed later in the meeting would have a key role in taking forward some of this development work.

<p>Presentation on Welsh Regional Models and discussion on delegation models (RIWSG Paper 08/19)</p>

24. Mike Griffiths presented the paper on Welsh Regional Models, highlighting it represented a brief comparative analysis of different systems currently in operation to support regional economic development. Mike asked Members' views on which aspects of the three models are best aligned to what we want to achieve and could be adopted in a future Welsh regional investment model.
25. To support the discussion, the Chair asked representatives from the four regional partnerships represented in the membership (Growing Mid Wales, Cardiff City Region, Swansea Bay City Region and North Wales) to provide views on how regional planning and delivery operates in their areas. These updates focussed on the evidence base collated in each region to date, including on regional strengths and assets, and the themes and approach identified for targeting investment on a regional basis.
26. Following the regional partnership summaries the Chair opened the discussion to Members, asking them to consider governance and delivery issues, in particular, and the questions outlined in the paper. The Group

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provided the following comments:

- Capacity is vital to address at a regional level. Leadership and management skills in particular, as well as skills around developing business cases and portfolio management.
- Linked to effective capacity is speed in making decisions. This requires clarity on the responsibilities of different actors. It was suggested further learning from the LEPs in England could provide insight.
- Capacity requires dedicated resource, with sufficient funding available for effective delivery.
- Governance needs to be accompanied by the right culture and mindset to deliver regionally, to avoid simply allocating a bit to everyone.
- This also requires a clear overarching strategy for each region – it cannot just be about separate unconnected funding pots.
- A need to ensure regionalisation did not lead to ‘silo working’ and provided opportunities for engagement on national aspects common to all regions such as education.
- Any future proposals must ensure that simplicity is core to facilitating access to funding and improve on the current system in this respect.
- Appropriate, proportionate and consistent governance arrangements clearly setting out responsibilities and accountability are needed when devolving power to the regions, and these could be set out in the rulebook and monitored at the national level.
- The model should avoid duplication and unhealthy competition between regions wherever possible.
- Clarity around accountability and democratic mandate were highlighted as important given the lack of regional powers.

27. It was noted that commitments earlier in the meeting will go some way to help inform a future delivery model, in particular: the further work to draw lessons from the English approach to delivery of the Local Growth Fund; and the guiding principles to be extracted from the evidence reviews to date. The next discussion would also consider the establishment of working groups to take forward some of the more detailed work.

Engagement Strategy and Establishment of Sub-Groups
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- The Chair asked the Group for agreement to the proposed sub groups and their proposed scope, as well as for comments on the process for appointing members to the sub-groups.
- It was noted that sub-group representation needed to include people who are experienced at or involved in the respective area of work.

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28. The Group agreed to the establishment of the four sub-groups and provided additional comments including:
- Sub-groups should be set up by using the structures at the national level and then adding in other people as relevant.
 - For the research, monitoring and evaluation sub group it was important that the group considered the experience of people running projects.
 - More projects failed because of bad management and those running projects needed to have project management skills, and experience in delivering projects and keeping them on track.
 - Representatives from sector bodies offered to put forward nominees for the sub-group membership for individuals with appropriate expertise
 - It was appropriate to ensure role descriptions were used to determine sub group members and another member asked that the roles refer to broader ethnicity rather than just gender.
29. The Chair asked if any further suggestions on the membership or recruitment process could be sent to the Secretariat as soon as possible as the sub-groups would need to commence their work towards the end of June / early July 2019.
30. Alison Sandford provided an update on the engagement strategy which had been updated to address comments from Members at the meeting in February. Alison would now capture comments about ambitions and key principles from this meeting, and asked the Group if it would be content for the strategy to then be published. This was agreed.

Future meetings

31. Future meeting were planned for 18 July and 10 October. Further detail on venues and arrangements would be circulated shortly.
32. There were also plans to arrange a special meeting of the Group during w/c 24 June to meet with the OECD during their study visit.

Any other Business

33. There was no other business.

Close

34. The Chair thanked Members for their attendance and input into the discussions, and closed the meeting.

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ANNEX A

LIST OF ATTENDEES

Chair: Huw Irranca-Davies AM

Nominating organisation	Name and role
Universities Wales	Amanda Wilkinson, Director
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
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)	Owner, Grahame Guilford and Company Ltd
Equality and Human Rights Commission	Hannah Wharf, Head of External Affairs
Colleges Wales	Lisa Thomas, Head of The College Merthyr Tydfil
Confederation of British Industry (CBI) Wales	Nick Speed, Head of Public Affairs & Policy, Wales and Regions, Centrica plc
Federation of Small Businesses (FSB) Wales	Ashley Rogers, Director, Gill and Shaw
Future Generations Commissioner	Professor Rachel Ashworth, Dean and Head of Cardiff Business School, Cardiff University
Third Sector Partnership Council	Judith Stone, Assistant Director for Sector Development, WCVA
Professor Kevin Morgan (independent)	Professor of Governance & Development, School of Geography and Planning, Cardiff University
South East Wales Partnership	Kellie Beirne, Director of the Cardiff Capital Region City Deal

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Trade Union	Nisreen Mansour, Policy Officer, Wales TUC
The Wales Co-operative Centre	Derek Walker

Welsh Government attendees

Name	Role and Department
Peter Ryland	Director, WEFO
Sioned Evans	Director, Business and Regions, ESNR
Rob Halford	Head of Strategy, WEFO
Tom Smithson	Head of Regional Investment Policy, WEFO
Alison Sandford	Head of Partnership Working, WEFO
Tom Brown	Senior Policy Manager (Regional Investment Policy), WEFO
Rhodri Griffiths	Chief Regional Officer for South West Wales, ESNR
David Rosser	Chief Regional Officer for South East Wales, ESNR
Gwenllian Roberts	Chief Regional Officer for North Wales, ESNR
Huw Morris	Director, Skills, Higher Education and Lifelong Learning

Apologies received

Nominating organisation	Name	Occupation
South West Wales Partnership	Cllr Rob Stewart	SW Wales regional partnership; City and County of Swansea Council
North Wales Partnership	Iwan Trefor Jones	Corporate Director
Growing Mid Wales Partnership	Cllr Ellen ap Gwym	Vice Chair of Growing Mid Wales Partnership
Trades Unions	Martin Mansfield	General Secretary, Wales TUC