

Agenda – Pwyllgor yr Economi, Masnach a Materion Gwledig

Lleoliad: I gael rhagor o wybodaeth cysylltwch a:
Hybrid – Ystafell Bwyllgora 5 Tŷ Hywel a Robert Donovan
fideogynadledda drwy Zoom Clerc y Pwyllgor
Dyddiad: Dydd Mercher, 17 Mai 2023 0300 200 6565
Amser: 09.30 SeneddEconomi@senedd.cymru

Rhag-gyfarfod preifat (09.15–09.30)

Cyfarfod cyhoeddus (09.30–10.35)

1 Cyflwyniad, ymddiheuriadau, dirprwyon a datgan buddiannau
(09.30)

2 Papurau i'w nodi
(09.30)

2.1 Deiseb P-06-1312 Helpu i wella ansawdd dwr yn Afon Wysg drwy uwchraddio systemau carthffosiaeth yn nyffryn Wysg

(Tudalen 1)

Dogfennau atodol:

Llythyr oddi wrth Gadeirydd y Pwyllgor Deisebau – 28 Ebrill 2023

2.2 Cyfarfod y Grŵp Rhyngweinidogol ar Gysylltiadau rhwng y DU a'r UE ar 20 Mawrth 2023

(Tudalennau 2 – 3)

Dogfennau atodol:

Llythyr oddi wrth y Gweinidog Materion Gwledig a Gogledd Cymru a'r

Trefnydd at Gadeirydd y Pwyllgor Deddfwriaeth, Cyfiawnder a'r Cyfansoddiad



2.3 Bil Bwyd (Cymru): Gwybodaeth ariannol wedi'i diweddarau gan Lywodraeth yr Alban

(Tudalennau 4 – 7)

Dogfennau atodol:

Llythyr oddi wrth Peter Fox AS at y Gweinidog Materion Gwledig a Gogledd Cymru, a'r Trefnydd – 4 Mai 2023

2.4 Rheoliadau Cynhyrchion Organig

(Tudalennau 8 – 9)

Dogfennau atodol:

Llythyr oddi wrth y Gweinidog Materion Gwledig a Gogledd Cymru, a'r Trefnydd – 5 Mai 2023

2.5 Cyllid datblygu rhanbarthol ar ôl gadael yr UE: Gwaith dilynol i gyfarfod y Pwyllgor ar 4 Mai – Cronfa Ffyniant Cyffredin

(Tudalen 10)

Dogfennau atodol:

Llythyr oddi wrth y Cadeirydd at y Cynghorydd Andrew Morgan, Arweinydd Cyngor Bwrdeistref Sirol Rhondda Cynon Taf – 9 Mai 2023

2.6 Bil Amaethyddiaeth (Cymru) – Cyfnod 3 – Yr wybodaeth ddiweddaraf am y Memorandwm Esboniadol

(Tudalennau 11 – 13)

Dogfennau atodol:

Llythyr gan y Gweinidog Materion Gwledig a Gogledd Cymru, a'r Trefnydd – 9 Mai 2023

2.7 Cyllid datblygu rhanbarthol ar ôl gadael yr UE

(Tudalennau 14 – 15)

Dogfennau atodol:

Llythyr oddi wrth y Cadeirydd at y Gweinidog Ffyniant Bro – Llywodraeth y DU – 11 Mai 2023

3 Cyllid datblygu rhanbarthol ar ôl gadael yr UE: Ariannu buddiolwyr
(09.30–10.30) (Tudalennau 16 – 60)

James Scorey, Is-Bennaeth, Coleg Caerdydd a'r Fro (yn cynrychioli Colegau Cymru)

Kiera Marshall, Dirprwy Bennaeth Polisi (Cymru), Ffederasiwn Busnesau Bach

Amanda Wilkinson, Cyfarwyddwr Prifysgolion Cymru

Matthew Brown, Cyfarwyddwr Cyflenwi a Datblygu, Cyngor Gweithredu Gwirfoddol Cymru

Dogfennau atodol:

Papur tystiolaeth – Colegau Cymru [Saesneg yn unig]

Papur tystiolaeth – Ffederasiwn Busnesau Bach [Saesneg yn unig]

Papur tystiolaeth – Prifysgolion Cymru [Saesneg yn unig]

Papur tystiolaeth – Cyngor Gweithredu Gwirfoddol Cymru [Saesneg yn unig]

Briff Ymchwil

4 Memorandwm Cydsyniad Deddfwriaethol: Y Bil Ardrethu

Annomestig

(10.30–10.35)

5 Cynnig o dan Reol Sefydlog 17.42(ix) i benderfynu gwahardd y cyhoedd o weddill y cyfarfod

(10.35)

Preifat (10.35–11.00)

6 Trafod tystiolaeth yn dilyn y cyfarfod

(10.35–10.45)

7 Memorandwm Cydsyniad Deddfwriaethol: Y Bil Ardrethu

Annomestig

(10.45–10.50)

(Tudalennau 61 – 69)

Dogfennau atodol:

Nodyn Cyngor Cyfreithiol [Saesneg yn unig]

8 Opsiynau ar gyfer ymweliad Pwyllgor

(10.50–11.00)

(Tudalennau 70 – 75)

Dogfennau atodol:

Ymweliad Pwyllgor – Haf 2023 [Saesneg yn unig]

Paul Davies AS

Cadeirydd

Y Pwyllgor Economi, Masnach a Materion Gwledig

Tŷ Hywel

Bae Caerdydd

CF99 1SN

28 Ebrill 2023

Annwyl Paul

Deiseb P-06-1312 Helpu i wella ansawdd dwr yn Afon Wysg drwy uwchraddio systemau carthffosiaeth yn nyffryn Wysg

Trafododd y Pwyllgor Deisebau'r ddeiseb uchod yn ein cyfarfod ar 13 Mawrth, ynghyd â gohebiaeth gan y Comisiynydd Cenedlaethau'r Dyfodol Cymru Dros Dro a'r deisebydd.

Yn y cyfarfod, cytunodd aelodau i gau'r ddeiseb yn sgil gwaith eich Pwyllgor ar fater ehangach llygredd amaethyddol, a chynllun Dŵr Cymru i uwchraddio'r systemau carthion yn Aberhonddu, Llanffwyst a Brynbuga. Wrth gloi'r ddeiseb, roedd y Pwyllgor am eich gwneud yn ymwybodol o fanylion y ddeiseb yma.

Mae rhagor o wybodaeth am y ddeiseb, gan gynnwys gohebiaeth gysylltiedig, ar gael ar ein gwefan at: <https://busnes.senedd.cymru/mglssueHistoryHome.aspx?lId=40306>.

Os oes gennych unrhyw ymholiadau, cysylltwch â tîm clericio'r Pwyllgor drwy'r cyfeiriad e-bost isod, neu drwy ffonio 0300 200 6454. Byddwn yn ddiolchgar pe gallech ymateb drwy e-bostio'r tîm clericio: deisebau@senedd.cymru.

Yn gywir

JACK SARCEANT

Jack Sargeant AS

Cadeirydd

Croesewir gohebiaeth yn Gymraeg neu Saesneg.

We welcome correspondence in Welsh or English.



Eitem 2.2

Lesley Griffiths AS/MS

Y Gweinidog Materion Gwledig a Gogledd Cymru, a'r Trefnydd
Minister for Rural Affairs and North Wales, and Trefnydd



Llywodraeth Cymru
Welsh Government

Huw Irranca-Davies AS
Cadeirydd
Y Pwyllgor Deddfwriaeth, Cyfiawnder a'r Cyfansoddiad
Senedd Cymru

SeneddLJC@senedd.cymru

3 Mai 2023

Annwyl Huw,

Yn unol â'r Cytundeb Cysylltiadau Rhyngsefydliadol, gallaf adrodd fy mod wedi mynychu cyfarfod y Grŵp Rhyngweinidogol ar Gysylltiadau rhwng y DU a'r UE ar 20 Mawrth, ar ran Gweinidog yr Economi. Nid oeddwn yn gallu rhoi gwybod ymlaen llaw am y cyfarfod gan y cafodd ei drefnu ar fyr rybudd gan Lywodraeth y DU.

Cynhaliwyd y cyfarfod wrth baratoi ar gyfer cyfarfodydd dilynol rhwng y DU a'r UE gan Gyd-bwyllgor y Cytundeb Ymadael a'r Cyngor Partneriaeth o dan y Cytundeb Masnach a Chydweithredu a gynhaliwyd ar 24 Mawrth. Mae'r hyn a drafodwyd yng nghyfarfod y Grŵp Rhyngweinidogol wedi'i nodi mewn Datganiad Ysgrifenedig [Datganiad Ysgrifenedig: Cyfarfod y Grŵp Rhyngweinidogol ar Gysylltiadau rhwng y DU a'r UE \(3 Mai 2023\) | LLYW.CYMRU](#)

Byddwn yn rhoi diweddariad ysgrifenedig am y trefniadau ar gyfer y cyfarfod nesaf, a fydd yn cynnwys y dyddiad a'r eitemau a fydd yn debygol o ymddangos ar yr agenda, maes o law.

Bae Caerdydd • Cardiff Bay
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CF99 1SN

Canolfan Cyswllt Cyntaf / First Point of Contact Centre:
0300 0604400

Gohebiaeth.Lesley.Griffiths@llyw.cymru
Correspondence.Lesley.Griffiths@gov.wales

Rydym yn croesawu derbyn gohebiaeth yn Gymraeg. Byddwn yn ateb gohebiaeth a dderbynnir yn Gymraeg yn Gymraeg ac ni fydd gohebu yn Gymraeg yn arwain at oedi.

Tudalen y pecyn 2
We welcome receiving correspondence in Welsh. Any correspondence received in Welsh will be answered in Welsh and corresponding in Welsh will not lead to a delay in responding.

Rwy'n anfon copi o'r llythyr hwn at Gadeiryddion y Pwyllgor Diwylliant, Cyfathrebu, y Gymraeg, Chwaraeon, a Chysylltiadau Rhyngwladol, Pwyllgor yr Economi, Masnach a Materion Gwledig, a Gweinidog yr Economi, ac at y Cwnsler Cyffredinol a Gweinidog y Cyfansoddiad.

Cofion,

A handwritten signature in black ink that reads "Lesley Griffiths". The signature is written in a cursive style with a large, sweeping flourish at the end of the name.

Lesley Griffiths AS/MS
Y Gweinidog Materion Gwledig a Gogledd Cymru, a'r Trefnydd
Minister for Rural Affairs and North Wales, and Trefnydd

Lesley Griffiths AS

Y Gweinidog Materion Gwledig a Gogledd Cymru, a'r Trefnydd

Llywodraeth Cymru

0300 200 7298 

@Peterfox_ms 

@PeterFox61 

Peter Fox AS 

4 Mai 2023

Annwyl Lesley

Y Bil Bwyd (Cymru): Gwybodaeth ariannol wedi'i diweddarau gan Lywodraeth yr Alban

Ysgrifennaf atoch ynghylch eich llythyr at Gadeirydd y Pwyllgor Cyllid ar 20 Ebrill. Diolch am fy nghopio i mewn i'r llythyr hwn.

Rwy'n ddiolchgar ichi am barhau i ymgysylltu â swyddogion yn Llywodraeth yr Alban ar gostau amcangyfrifedig gweithredu Deddf Cenedl Bwyd Da (Yr Alban) 2022. Fel y nodwyd gennych yn gywir yn eich llythyr diweddar, roedd rhai o'r costau amcangyfrifedig ar gyfer y Bil Bwyd (Cymru) a nodir yn fy Memorandwm Esboniadol yn seiliedig ar ragdybiaethau gan ddefnyddio gwybodaeth a gafwyd drwy gysylltu â swyddogion Llywodraeth yr Alban ar eu hamcangyfrifon costau ar gyfer y Bil Cenedl Bwyd Da (Yr Alban). Byddwch hefyd yn ymwybodol imi roi ymrwymiad yn ystod y gwaith craffu ar y Bil Bwyd (Cymru) y byddwn yn ymgysylltu ymhellach â swyddogion yn Llywodraeth yr Alban wrth i'r Bil Bwyd fynd drwy'r broses ddeddfwriaethol yn y Senedd.

Yn eich llythyr rydych yn nodi costau amcangyfrifedig uwch ar gyfer y Ddeddf Cenedl Bwyd Da (Yr Alban) a ddarparwyd ichi gan Lywodraeth yr Alban. Rydych yn mynd ymlaen i ddweud bod y costau uwch hyn yn yr Alban yn golygu bod yr amcangyfrifon a ddyfynnir yn y Memorandwm Esboniadol ar gyfer y costau i Lywodraeth Cymru a chyrrff cyhoeddus yng Nghymru o weithredu'r Bil Bwyd (Cymru), yn sicr yn danamcangyfrifon sylweddol. Er nad wyf yn dadlau ynghylch newidiadau i gostau amcangyfrifedig yn yr Alban, nid yw'r datganiad yr ydych wedi'i wneud ynghylch y ffaith bod costau'r Bil Bwyd (Cymru) yn 'danamcangyfrifon sylweddol' yn gywir. Ni ellir mesur costau gweithredu meysydd polisi penodol yn y Bil Bwyd (Cymru) yn syml drwy gymharu'r ffigurau ar draws gwledydd, heb gymharu ffactorau eraill megis sut mae darpariaethau gwahanol y Bil / y Ddeddf yn gweithio'n ymarferol.

Costau Llywodraeth Cymru

Fel y nodir yn y Memorandwm Esboniadol, ac fel yr eglurais yn ystod sesiynau craffu'r Pwyllgor, y cynllun yr wyf wedi'i ragweld ar gyfer y Bil Bwyd (Cymru) yw y byddai'r Comisiwn Bwyd, ar ôl ei sefydlu, yn cymryd rhan fwy blaenllaw o ran ffurfio'r Strategaeth Fwyd Genedlaethol, nag y mae yn yr Alban. Byddai hyn yn arwain at gostau is i Lywodraeth Cymru na'r gwaith cyfatebol yn Llywodraeth yr Alban.

Ymddengys hefyd fod rhywfaint o ddryswch yn y tabl yn eich llythyr. Mae cost Llywodraeth Cymru o £20,960 a nodir yn y Memorandwm Esboniadol ar gyfer gwaith i greu'r Strategaeth Fwyd Genedlaethol yn unig. Yn eich llythyr ymddengys eich bod yn awgrymu bod y gost hon hefyd yn cynnwys gwaith Llywodraeth Cymru i sefydlu'r Comisiwn Bwyd. Nid yw hyn yn gywir.

Yn y flwyddyn y caiff y Comisiwn Bwyd ei sefydlu, byddai'r costau'n sylweddol is iddynt fel corff tra byddant yn cael eu sefydlu a bod staff yn cael eu recriwtio. Fodd bynnag, at ddibenion yr Asesiad Effaith Rheoleiddiol ni ostyngwyd yr amcangyfrif o gostau'r Comisiwn Bwyd yn y flwyddyn gyntaf. Roedd hyn er mwyn galluogi adnoddau i gyflawni'r cyfan yr oedd ei angen ym mlwyddyn 1. Roeddem yn rhagweld, ar gyfer y costau blwyddyn 1 hynny, yn hytrach na bod cyllid yn cael ei ddarparu gan Lywodraeth Cymru i'r Comisiwn Bwyd, y byddai'r costau hynny (fel y rhai a nodir yn eich llythyr) yn cael eu hysgwyddo gan Lywodraeth Cymru, ond ni fydd y costau hyn yn ychwanegol at yr amcangyfrif yn yr Asesiad Effaith Rheoleiddiol.

Fel enghraifft, mae'r [cyfrifon blynyddol ar gyfer 2017-18](#) yn dangos bod gwariant Comisiynydd Cenedlaethau'r Dyfodol Cymru (y mis) am y cyfnod adrodd cyntaf, sef 14 mis, ychydig yn llai na dwy ran o dair o'r costau ar gyfer yr ail flwyddyn. Mewn sefyllfa debyg i'r Comisiwn Bwyd, byddai cyfrifo dwy ran o dair o gostau'r flwyddyn ariannol gyntaf ar gyfer yr ystod o gostau a roddir yn y Memorandwm Esboniadol yn golygu y byddai costau'r Comisiwn Bwyd rhwng £250,000 a £500,000 yn is yn y flwyddyn gyntaf. Fel y trafodwyd gyda'r Pwyllgor Cyllid, bydd costau sefydlu a gwaith cychwynnol y Comisiwn yn cael eu talu o fewn y ffigur ariannu hwn ar gyfer blwyddyn 1, ond gallent gael eu hysgwyddo gan staff y Comisiwn Bwyd neu Lywodraeth Cymru.

	Cyfnod ariannol	
	01/02/2016 hyd at 31/03/2017	01/04/2017 hyd at 31/03/2018
	£000	£000
Cyfanswm y Gwariant Cynhwysfawr am y cyfnod	1,102	1,433
Hyd y cyfnod: misoedd	14	12
Cost fesul mis	78.7	119.4
Cyfran o gostau 2017-18 fesul mis	66%	

Costau'r Comisiwn Bwyd

Mae costau Comisiwn Bwyd yr Alban a amlygwyd yn eich llythyr diweddar yn uwch nag amcangyfrif gwreiddiol Llywodraeth yr Alban a ddarparwyd imi (ar adeg y gwaith craffu ar y Bil Cenedl Bwyd Da (yr Alban)). Fodd bynnag, fel y codais hefyd wrth graffu ar fy Mil, mae maint y sector bwyd yn yr Alban, nifer y cyrff yn y sector cyhoeddus a'r ardal yn sylweddol fwy, sy'n golygu y gallai fod cost uwch yn naturiol i'r Comisiwn Bwyd yn yr Alban.

Er gwaethaf yr uchod, mae amcangyfrifon cost yr Alban sydd wedi'u diweddarau, sef £1.1 miliwn y flwyddyn ar gyfer y Comisiwn Bwyd, ychydig yn is na phwynt canol yr ystod o gostau a roddir yn yr Aseiad Effaith Rheoleiddiol ar gyfer Comisiwn Bwyd Cymru, y gwnaethom amcangyfrif y gallai fod ag uchafswm amrediad cost o £1.5 miliwn y flwyddyn.

Costau cynlluniau bwyd

Mae'r Aseiad Effaith Rheoleiddiol ar gyfer y Bil Bwyd (Cymru) yn nodi'n glir bod y costau sydd wedi'u cynnwys yn ymwneud â llunio'r Cynlluniau Bwyd eu hunain a bydd angen cynnal asesiadau effaith pellach pan gyflwynir rheoliadau. Mae'r costau hyn yn seiliedig ar drafodaethau yr ydym wedi'u cael ag ymarferwyr yng Nghymru. Roedd trafodaethau a gawsom gydag arbenigwyr yn y maes o ran gweithredu cynlluniau bwyd yn awgrymu, er yn ddibynnol ar reoliadau a sut mae awdurdodau lleol yn cydweithredu, y byddai'n deg disgwyl y byddai angen tua un swyddog i bob awdurdod lleol i weithredu cynlluniau bwyd yn y dyfodol. Fodd bynnag, bydd hyn yn berthnasol i asesiadau effaith yr awgrymwyd gennym y byddai eu hangen pan wneir y rheoliadau hyn.

Unwaith eto, mae maint y sector bwyd yn yr Alban, nifer y cyrff yn y sector cyhoeddus a'r ardal yn sylweddol fwy, sy'n golygu y gallai fod cost uwch yn naturiol yn yr Alban ar gyfer creu cynlluniau bwyd lleol.

Wrth inni symud tuag at y ddadl Cyfnod 1 ar gyfer y Bil Bwyd, deallaf fod angen cymaint o eglurder â phosibl ar gostau posibl y Bil. Edrychaf ymlaen at gael adroddiad y Pwyllgor Cyllid ac ymateb i argymhellion y Pwyllgor cyn y ddadl er mwyn helpu i hysbysu Aelodau o'r Senedd. Fodd bynnag, nid wyf yn siŵr a yw'n ddefnyddiol rhoi ffigurau wedi'u diweddarau i Aelodau o'r Senedd, fel y nodir yn eich llythyr, heb hefyd ddarparu'r naratif sydd ei angen i allu deall sut mae hyn yn cyd-fynd â nodau'r Bil Bwyd a sut y bydd yn cael ei weithredu.

Rwy'n anfon copi o'r llythyr hwn at Gadeirydd y Pwyllgor Cyllid a Chadeirydd Pwyllgor yr Economi, Masnach a Materion Gwledig.

Cofion cynnes



Peter Fox, AS Mynwy

Yr Aelod sy'n gyfrifol am y Bil Bwyd (Cymru)





Llywodraeth Cymru
Welsh Government

Ein cyfeiriad: LG/1103/23

Darren Millar MS
Cadeirydd dros dro
Pwyllgor yr Economi, Masnach a Materion Gwledig
Senedd Cymru
Bae Caerdydd
CF99 1SN

5 Mai 2023

Annwyl Darren,

Diolch am eich llythyr dyddiedig 23 Mawrth ynglŷn â rheoliadau organig.

Mae Llywodraeth Cymru yn cydweithio â Llywodraethau eraill Prydain Fawr i ddiwygio'i rheoliadau organig. Yn y cyfamser, mae Llywodraeth y DU yn trafod cyfwerthedd rheoliadau organig Prydain Fawr gyda'r UE. Nid yw llwyddiant y trafodaethau gyda'r UE yn dibynnu ar orffen diwygio'r rheoliadau organig ymlaen llaw.

Er bod yr UE wedi addasu ei reoliadau organig ers i'r DU adael yr UE, mae Llywodraeth y DU yn hyderus bod ein deddfwriaeth organig ddomestig, fel y'i cedwir yn dilyn Gadael yr UE, yn cyrraedd y safonau y mae'r UE yn eu hystyried yn dderbyniol er mwyn cytuno ar drefniant cyfwerthedd. Mae'n debygol y bydd y trafodaethau hyn yn cael eu cwblhau yn ystod yr hydref eleni, felly ni ddylent olygu y bydd unrhyw darfu ychwanegol ar fasnachu mewn cynhyrchion organig.

Gan nad oes gan gynhyrchion organig god tollau penodol, nid oes data ar gael i fesur yn gywir faint a gwerth y cynnyrch organig sy'n cael ei allforio o Gymru.

Bae Caerdydd • Cardiff Bay
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CF99 1SN

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Correspondence.Lesley.Griffiths@gov.wales

Rydym yn croesawu derbyn gohebiaeth yn Gymraeg. Byddwn yn ateb gohebiaeth a dderbynnir yn Gymraeg yn Gymraeg ac ni fydd gohebu yn Gymraeg yn arwain at oedi.

We welcome receiving correspondence in Welsh. Any correspondence received in Welsh will be answered in Welsh and corresponding in Welsh will not lead to a delay in responding.

Mae Llywodraethau Prydain Fawr yn bwriadu datblygu rheoliadau organig yn y dyfodol ar sail argymhellion y Grŵp Arbenigol ar Gynhyrchu Organig. Er mai un o'r prif amcanion wrth ddrafftio rheoliadau'r dyfodol fydd cynnal cyfwerthedd â'r UE a safonau organig eraill ledled y byd, nid yw hynny'n debygol o olygu y byddant yn adlewyrchu holl safonau'r UE. Bydd amcanion eraill, megis sicrhau bod rheoliadau'n fwy cydnaws ag egwyddorion organig, yn debygol o olygu y bydd rhai agweddau ar reoliadau organig Prydain Fawr yn wahanol i reoliadau organig yr UE. Mae adolygu a chryfhau rheoliadau organig ar draws yr holl sectorau yn fater cymhleth ac mae hynny'n golygu y bydd yn cymryd blynyddoedd, yn hytrach na misoedd, i ddatblygu safonau newydd.

Bydd Llywodraeth Cymru yn parhau i weithio'n agos gyda DEFRA a Llywodraeth yr Alban i sicrhau bod buddiannau cynhyrchwyr a defnyddwyr organig yng Nghymru yn cael eu hadlewyrchu wrth i ddeddfwriaeth newydd gael ei datblygu.

Cofion,

A handwritten signature in black ink that reads "Lesley Griffiths". The signature is written in a cursive, flowing style.

Lesley Griffiths AS/MS
Y Gweinidog Materion Gwledig a Gogledd Cymru, a'r Trefnydd
Minister for Rural Affairs and North Wales, and Trefnydd

Eitem 2.5

**Pwyllgor yr Economi,
Masnach a Materion Gwledig**

**Economy, Trade and
Rural Affairs Committee**

Senedd Cymru

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Welsh Parliament

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0300 200 6565

Y Cyngorydd Andrew Morgan
Arweinydd, Cyngor Bwrdeistref Sirol
Rhondda Cynon Taf

9 Mai 2023

Annwyl Andrew,

Fel y byddwch yn gwybod, rhoddodd y Cyngorydd Mark Norris dystiolaeth i Bwyllgor yr Economi, Masnach a Materion Gwledig ar 4 Mai fel rhan o'n hymchwiliad i drefniadau cyllido ar ôl ymadael â'r UE. Yn gyntaf, hoffwn ddiolch i Mark am roi o'i amser i gymryd rhan yn y sesiwn hynod ddefnyddiol hon.

Un o'r pynciau a drafodwyd oedd yr heriau a nodwyd gan Gyngor Bwrdeistref Sirol Rhondda Cynon Taf a Chymdeithas Llywodraeth Leol Cymru o ran y ffordd y caiff y Gronfa Ffyniant Gyffredin ei gweithredu ar sail ranbarthol. O gofio bod y Cyngorydd Norris yn gymharol newydd yn ei rôl, awgrymodd y byddech chi mewn sefyllfa well i roi rhagor o fanylion i ni am y mater hwn.

A fyddech cystal ag amlinellu'r heriau sy'n wynebu Cyngor Bwrdeistref Sirol Rhondda Cynon Taf a Chymdeithas Llywodraeth Leol Cymru, yn ogystal â rhannu gwybodaeth am unrhyw drafodaethau rydych wedi'u cael â Llywodraeth y DU ar y materion hyn?

Byddai'n ddefnyddiol pe gallech ymateb i'r llythyr hwn erbyn 19 Mai.

Cofion cynnes,



Paul Davies MS
Cadeirydd: Pwyllgor yr Economi, Masnach a Materion Gwledig

Croesewir gohebiaeth yn Gymraeg neu Saesneg.



**Senedd Cymru
Welsh Parliament**

Tudalen y pecyn 10

Paul Davies, AS
Cadeirydd Pwyllgor yr Economi, Masnach a Materion Gwledig

Huw Irranca-Davies AS
Cadeirydd y Pwyllgor Deddfwriaeth, Cyfiawnder, a'r Cyfansoddiad

Peredur Owen Griffiths AS
Cadeirydd y Pwyllgor Cyllid

9 Mai 2023

Annwyl Cadeiryddion

Bil Amaethyddiaeth (Cymru) – Cyfnod 3 – Yr wybodaeth ddiweddaraf am y Memorandwm Esboniadol

Cyn dadl Cyfnod 3 ar Fil Amaethyddiaeth (Cymru) ar 16 Mai, hoffwn eich hysbysu fy mod wedi cyflwyno fersiwn wedi'i ddiweddarau o'r Memorandwm Esboniadol ar gyfer y Bil heddiw. Mae diwygiadau wedi eu gwneud drwy'r Memorandwm Esboniadol gan adlewyrchu'r ymrwymadau a roddais mewn ymateb i nifer o argymhellion y Pwyllgorau yng Nghyfnod 1 ac i adlewyrchu'r Bil fel y'i diwygiwyd yng Nghyfnod 2.

At hynny, mae diweddariad pellach i'r Memorandwm Esboniadol wedi'i gynnwys yn sgil dileu paragraff 7.892 (yn y Memorandwm fel y'i cyflwynwyd) gan ein bod yn deall nad yw'n adlewyrchu polisi cyfredol Rentokill.

Bydd y Memorandwm Esboniadol yn cael ei ddiweddarau i adlewyrchu'r Bil fel y'i diwygiwyd yng Nghyfnod 3 a bydd hefyd yn cynnwys gwelliant mewn ymateb i ddeiseb WWF.

Roeddwn yn credu y byddai'n ddefnyddiol darparu manylion mewn perthynas ag argymhellion y Pwyllgorau canlynol, er mwyn ichi gael sicrwydd ein bod wedi ymdrin â hwy'n briodol:

Pwyllgor yr Economi, Masnach a Materion Gwledig

Mewn ymateb i argymhellion 15 ac 16 Pwyllgor yr Economi, Masnach a Materion Gwledig, gwnaed diwygiadau i Ran 1 o'r Memorandwm Esboniadol.

Bae Caerdydd • Cardiff Bay
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Gohebiaeth.Lesley.Griffiths@llyw.cymru
Correspondence.Lesley.Griffiths@gov.wales

Rydym yn croesawu derbyn gohebiaeth yn Gymraeg. Byddwn yn ateb gohebiaeth a dderbynnir yn Gymraeg yn Gymraeg ac ni fydd gohebu yn Gymraeg yn arwain at oedi.

We welcome receiving correspondence in Welsh. Any correspondence received in Welsh will be answered in Welsh and corresponding in Welsh will not lead to a delay in responding.

Argymhelliad 15: Gwnaed diwygiadau i'r testun naratif i ddangos y bydd disgwyl i Weinidogion adolygu adroddiadau blaenorol ar gyflwr adnoddau naturiol (SoNaRR) os ystyrir bod angen gwneud hynny (gweler Rhan 1, Pennod 3, paragraff 3.89).

Argymhelliad 16: Darparwyd rhagor o eglurder, lle bo'n briodol, drwy enghreifftiau ychwanegol o gwmpas amrywiol 'gweithgareddau ategol' o fewn y Memorandwm Esboniadol sydd wedi ei ddiweddarau (gweler Rhan 1, Pennod 3, paragraffau 3.316 i 3.318).

Y Pwyllgor Cyllid

Mewn ymateb i argymhellion y Pwyllgor Cyllid, mae diwygiadau wedi eu gwneud i destun naratif Rhan 2 o'r Memorandwm Esboniadol – Asesiad Effaith Rheoleiddiol.

Argymhelliad 2: Rydym wedi ychwanegu rhagor o wybodaeth mewn perthynas ag elfennau'r Rhaglen Datblygu Cymru Wledig na chynhwyswyd yn yr Asesiad Effaith Rheoleiddiol wrth gyflwyno'r Bil (gweler Rhan 2, Pennod 7, Paragraffau 7.353 i 7.360).

Argymhelliad 4: Lle bo'n bosibl mae gwybodaeth ychwanegol wedi ei chynnwys ar gyfer y costau heb eu meintioli, a defnyddir profiad blaenorol i ddarparu dadansoddiad sensitifrwydd i ddangos yr ystod bosibl o gostau (gweler Rhan 2, Pennod 6, tabl Costau heb eu Meintioli ac Anfanteision).

Fel y nodais yn fy ymateb i'r Pwyllgor, nid yw'n bosibl mesur costau ar gyfer rhai o'r pwerau sy'n cael eu cymryd yn y Bil. Er enghraifft, ni allwn wybod pryd y gallai argyfwng ddigwydd, nac ar ba raddfa, felly ni allwn gynllunio ar gyfer pob cost ddisgwyliedig.

Argymhelliad 7: Fel rhan o'r adolygiad ôl-weithredu, mae testun ychwanegol wedi ei ychwanegu at yr adran 'camau nesaf' er mwyn rhoi eglurder pellach ynghylch meintioli'r manteision sy'n codi o'r Bil (gweler Rhan 2, Pennod 7, paragraffau 7.638 i 7.641).

Argymhelliad 8: Mae rhagor o fanylion am gostau gwelliannau TG wedi eu darparu (gweler Rhan 2, Pennod 7, paragraff 7.359 a thabl 44). Amcangyfrifon yw'r costau hyn yn seiliedig ar ein hasesiad cychwynnol o opsiynau sy'n ymwneud â darparu cynigion dylunio'r cynllun cyfredol.

Y Pwyllgor Deddfwriaeth, Cyfiawnder a'r Cyfansoddiad

Mewn ymateb i argymhellion y Pwyllgor Deddfwriaeth, Cyfiawnder a'r Cyfansoddiad, mae diwygiadau wedi eu gwneud i Ran 1 o'r Memorandwm Esboniadol.

Argymhelliad 6: Mae nifer o ddiweddariadau wedi eu gwneud i'r Memorandwm Esboniadol er mwyn egluro'n glir bwrpas Rhannau 1, 2 a 3 y Bil a'r hyn y mae pob Rhan yn ceisio ei gyflawni (mae'r rhain wedi eu gwneud drwy Ran 1, Pennod 3).

Argymhelliad 8: Mae'r Memorandwm Esboniadol wedi ei adolygu a'i ddiweddarau, fel y bo'n briodol, i ddarparu eglurder pellach ar y berthynas rhwng Rhan 1 a Rhan 2 y Bil ar gyfer rhanddeiliaid (gweler Rhan 1, Pennod 3, paragraff 3.39).

Gwelliannau Cyfnod 2

Mae diwygiadau wedi eu gwneud i'r Memorandwm Esboniadol a'r Nodiadau Esboniadol er mwyn cynnwys yr holl welliannau a wnaed i'r Bil ar ddiwedd cyfarfod Cyfnod 2 Pwyllgor yr Economi, Masnach a Materion Gwledig a gynhaliwyd ar 23 Mawrth.

Amcan cyntaf Rheoli Tir yn Gynaliadwy: Mae'r Memorandwm Esboniadol wedi ei ddiweddarau i adlewyrchu'r gwelliant a wnaed i'r amcan cyntaf. Mae hyn yn pwysleisio'r cysylltiad rhwng cynhyrchu bwyd a nwyddau eraill mewn modd cynaliadwy, a gwynwch busnesau amaethyddol (gweler Rhan 1, Pennod 3, paragraff 3.44 a'r Nodiadau Esboniadol).

Pŵer i ddarparu cymorth – dibenion ychwanegol: Mae'r Memorandwm Esboniadol a'r Aseiad Effaith Rheoleiddiol wedi eu diweddarau i adlewyrchu'r gwelliant a wnaed i'r rhestr o dan Adran 8, gan ychwanegu 3 diben newydd y gellir darparu cymorth ar eu cyfer (gweler Rhan 1, Pennod 3, paragraff 3.102 i 3.118 a hefyd Rhan 2, Pennod 7, paragraffau 7.592 i 7.637 a'r Nodiadau Esboniadol).

Gwelliant i'r darpariaethau Gorfodi yn Adrannau 11, 31, 32 a 33: Mae'r Memorandwm Esboniadol wedi ei ddiweddarau i adlewyrchu'r gwelliannau i'r adrannau hynny i sicrhau cysondeb yn y drafftio drwy'r holl Fil (gweler Rhan 1, Pennod 3 a'r Nodiadau Esboniadol).

Newidiadau i'r Weithdrefn Gadarnhaol Adrannau 15-18 a 22: Mae'r Memorandwm Esboniadol wedi ei ddiweddarau i adlewyrchu'r gwelliannau i'r adrannau hyn i nodi eu bod yn cael eu gwneud drwy'r Weithdrefn Gadarnhaol. Mae'r tabl ym Mhennod 5 hefyd wedi ei ddiweddarau i adlewyrchu'r gwelliannau hyn (gweler Rhan 1, Pennod 3 a hefyd Pennod 5, tabl 5.1).

Diffiniad o Fusnes Amaethyddol yn Adran 48: Mae'r Memorandwm Esboniadol wedi ei ddiweddarau i adlewyrchu'r gwelliant a wnaed i 'ystyr Amaethyddiaeth' i gynnwys busnesau amaethyddol (Gweler Rhan 1, Pennod 3, paragraff 3.315).

Atodlen 3, cychwyn Rhan 4 o Atodlen 7 i Ddeddf Amaethyddiaeth 2020 ar 13 Rhagfyr 2022: Mae'r Nodiadau Esboniadol wedi eu diweddarau i adlewyrchu'r cyfeiriadau at y paragraffau perthnasol sydd bellach yn anarferedig.

Cofion



Lesley Griffiths AS/MS
Y Gweinidog Materion Gwledig a Gogledd Cymru, a'r Trefnydd
Minister for Rural Affairs and North Wales, and Trefnydd

Eitem 2.7

**Pwyllgor yr Economi,
Masnach a Materion Gwledig**

**Economy, Trade and
Rural Affairs Committee**

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Dehenna Davison AS
Gweinidog Lefelu i Fyny
2 Marsham Street
London
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11 Mai 2023

Cyllid Datblygu Rhanbarthol Wedi'r UE

Annwyl Dehenna,

Diolch am eich ymateb i wahoddiad fy nghyd-Aelod Darren Millar i roi tystiolaeth i Bwyllgor Economi, Masnach a Materion Gwledig y Senedd, a hynny fel rhan o'n hymchwiliad i'r trefniadau ariannu ar ôl gadael yr UE yng Nghymru. Rwyf bellach wedi ailafael yn fy rôl fel Cadeirydd y Pwyllgor a chroesawaf eich cynnig i gyflwyno tystiolaeth ysgrifenedig i ymchwiliad y Pwyllgor. Bydd clercod y Pwyllgor yn rhoi peth gwybodaeth i chi am y meysydd penodol y mae gan y Pwyllgor ddiddordeb arbennig ynddynt, a byddem yn ddiolchgar iawn o gael dod i ddeall barn Llywodraeth y DU ar y meysydd hynny.

Er y croesewir tystiolaeth ysgrifenedig gan Lywodraeth y DU i'r ymchwiliad, byddai'n well gennym wrth gwrs pe bai un o Weinidogion Llywodraeth y DU yn rhoi tystiolaeth i'r Pwyllgor yn fyw. Fel y gwyddoch, Llywodraeth y DU sydd â'r rheolaeth yn y pen draw dros y Gronfa Ffyniant Gyffredin a'r Gronfa Ffyniant Bro, ac mae'n hanfodol ein bod yn gallu craffu ar ei phenderfyniadau a gofyn cwestiynau amdanynt. Mae'r Pwyllgor yn credu ei bod yn hanfodol bod cyfle i graffu ar un o Weinidogion Llywodraeth y DU, o'r Adran Ffyniant Bro, Tai a Chymunedau yn ddelfrydol, er mwyn sicrhau effeithiolrwydd yr ymchwiliad hwn. Felly, hoffem fod mor hyblyg â phosibl er mwyn sicrhau y gallwch chi neu un o'ch cydweithwyr fod yn bresennol, a byddwn yn ddiolchgar pe gallech roi rhai dyddiadau ac amseroedd cyfleus inni fel y gall y Pwyllgor eu hystyried.

Edrychaf ymlaen at glywed gennych maes o law.



**Senedd Cymru
Welsh Parliament**

Tudalen y pecyn 14

Cofion cynnes,



Paul Davies AS

Cadeirydd: Pwyllgor yr Economi, Masnach a Materion Gwledig

Croesewir gohebiaeth yn Gymraeg neu Saesneg

Colegau Cymru Senedd Economy, Trade and Rural Affairs
Consultation Response

Post-EU Regional Development Funding

21 APRIL 2023

Senedd Economy, Trade and Rural Affairs Committee - Post-EU regional development funding

Introduction

ColegauCymru is a post-compulsory education charity; we promote the public benefit of post-compulsory education and learning. We also convene the further education (FE) Principals' Forum, which represents Further Education colleges and FE institutions (FEIs) in Wales. ColegauCymru also undertakes research, policy development and provides practical support to FE colleges in Wales, including on work-based learning (WBL) which is a key part of FE college activity.

1. How effective were EU Structural Funds at transforming the Welsh economy?

- 1.1.** Members reported that EU capital funds have left a strong legacy of infrastructure schemes. From a skills perspective, European funding has been a core part of the skills and apprenticeship offer in Wales, NEET reduction/intervention, employability, upskilling and reskilling, at a scale which would have been difficult to achieve without European investment. The projects FE were involved with such as 'Upskilling@Work' certainly helped offer funding for qualifications that was not always available via other sources.¹
- 1.2.** One area where it could be argued that European Structural Funds (ESF) helped transform the Welsh economy would be in its contribution to the overall apprenticeship funding pot in Wales. Apprenticeships have grown in popularity amongst young people and employers and the opportunity to use ESF to supplement the existing pot has certainly helped respond to the increased demand for apprenticeships. A significant amount of ESF money was funneled into the Apprenticeships programme, approximately £20m annually. In what is a big hole to fill – Welsh Government have allocated £18 million out of their reserves to sustain the level of overall funding for post 2023.²
- 1.3.** However, some members highlighted the level of bureaucracy involved in drawing down funds often meant that in some cases funding was not easily directed to those areas of the economy where the need was greatest, and the conditions attached to the offer were often separate to what employers actually needed. As an example, ESF funding for employer upskilling was always limited to accredited qualifications that sat on the Qualifications and Credit Framework (QCF) where employers needs were for bespoke or vendor specific qualifications. The level of detail required for evidence of eligibility and attendance in training was often considered a barrier to many employers, particularly those classed as SME.
- 1.4.** Colleges right across Wales regularly work in partnership on areas of joint interest, and as one example, colleges in South East Wales have worked together to deliver funded projects which meet the needs of the Cardiff Capital Region. Collaboration has been key to delivering the European Social Fund Upskilling@Work project and close, trusted relationships with employers have supported joint-working on projects such as the Skills Priority Programme and current Personal Learning Accounts (PLA) programme.

¹ 'Upskilling@Work' is a funded operation supported by the European Social Fund through the Welsh Government. It is part of a pan-Wales operation designed to enhance skills and increase productivity in the workplace, providing opportunities for employers to gain accredited qualifications for their workforce.

² See Welsh Government article, 'Thousands of young people in Wales helped to find work under flagship Welsh Government scheme', in FE News (2023). Find it [here](#).

- 1.5. Between 2000-06 Wales received an average of £285m per year in EU funds; 2007-13 an average of £257m; and during the last seven-year funding round of ESIF, between 2014-20, an average of £367m.³ Over the next three financial years, SPF will provide £585m to local authorities in Wales. This includes an allocation to Wales of £101m to deliver a UK adult numeracy programme called Multiply. Therefore, under core SPF and Multiply there is less than £200m per year allocated to Wales. Colegau Cymru has previously published an analysis that provides further context on the impact that European funding provides from an FE perspective.⁴

2. Whether the funding that Wales will receive to 2024-25 through the Shared Prosperity Fund and the tail-off of remaining EU Structural Funds matches the level of funding that Wales received through Structural Funds while the UK was a member of the EU and any potential Structural Funds that would have been available through the next programme.
 - 2.1. From an FE perspective, there remains significant uncertainty that access to SPF at a local level via regional investment plans will be anywhere close to the same level as with previous ESF funds. Concern exists in the sector that the significant drop in funding to pre-2000's levels, coupled with the soaring rise in inflation does mean that Wales will see a reduction in funding. Various analyses would support this position.⁵
 - 2.2. There is also a further complication here, given that previous European funding was administered centrally. Whilst there were backbone projects there was also greater opportunity for third and public sector organisations to bid for funding. However, with SPF, in some areas where partnership working has been difficult, opportunities have been heavily localised with little opportunity for sub-regional or regional to date, let alone national consistency through backbone projects.
 - 2.3. Whilst it is recognised that local authorities have worked at pace to establish new systems, engage stakeholders, and discuss ideas, it has been a hugely challenging period trying to replicate the functions traditionally held by the Welsh European Funding Office (WEFO).

3. Which elements of the two new funds have worked well so far, and which have been less effective. What lessons could be learnt for the future to maximise the impact of the funds.
 - 3.1. The sector has reported successes in engagement with, and securing funds from the Community Renewal Fund (CRF). It was intended to pilot activities in preparation to understand how SPF would be managed and delivered. This should have provided the opportunity to learn from any problems, particularly around workable timescales for the development of plans and the ability to deliver on those plans, which were again a problem when trying to pilot new types of projects (with innovation being encouraged).

³ See [The 2000-2006 Structural Funds Synthesis Report' \(2012\)](#) and; [Brexit: Replacing EU Funding in Wales \(2021\)](#)

⁴ Colegau Cymru, 'Involvement of Welsh Further Education colleges and institutions in EU funding: An overview of the financial uptake', (2017), 1 - 17 (p. 10). Find the report [here](#).

Full list of FE led projects approved under the EU structural funds programme 2014 – 2020 can be found on the Welsh Government website [here](#).

⁵ See [Welsh Government Written Statement: Loss of funding to Wales as a result of the UK Government's arrangements for replacement EU funding](#) and; The Institute of Welsh Affairs, 'Putting Businesses at the Heart of Levelling Up in Wales', (2022), [here](#).

- 3.2. One member commented that the delay in implementing SPF is significantly reducing the impact of their Community Renewal Fund pilots. For others, it is felt that SPF has come out a year too late and will only be available to them for four terms to December 2024. Other than a continuation of local authority projects or claiming of core activities which are aligned to SPF priorities – there seems to have been very little if no tangible benefits from SPF in Year 1 (22/23) due to the delay in funding being rolled out. Opportunities for FE delivery are unlikely to commence for a further few months, as different local authorities adopt different approaches to mobilise projects.
- 3.3. In some regions, there has been positive engagement at a local level, for example in the South East through collaborative discussions with the City Deal Office around Skills Academies, but progress has been slowed as dialogue navigates its way through different layers of government, and the need for clarity on operational specifics (which are still being determined).
- 3.4. Engagement with local authorities has varied across Wales. A number of colleges have welcomed strong regional working, and their experiences suggest further opportunities for a number of joined-up regional and national projects would also deliver efficiency. This is particularly important for skills which are aligned to employer needs, as many employers operate across local authority boundaries and seek consistent solutions for their training needs. In the current SPF round in the Cardiff Capital Region, only 1.43% of funding has been assigned to regional projects (excluding Multiply).⁶
- 3.5. Similarly, one member reported that a regional offer for the ‘at risk of NEET in FE’ and ‘Employer Focused Skills’ offer has been limited, and whilst the opportunity remains open it feels that a local approach is more likely in regards to the aims of these projects. A local approach is likely to result in direct grant awards and/or procured solutions by each local authority, although the extent of funding to support such projects will be dependent on the allocation and priorities of each local authority.

4. What types of intervention are being delivered through the Shared Prosperity Fund, and to what extent do these differ from Structural Funds interventions.

- 4.1. There is some synergy between SPF and ESF programmes. However, current progress in South East Wales has resulted in a continuation of local authority led projects, some of which were funded through ESF and are getting first priority on the use of SPF, and this has diminished the opportunity for FE, HE and third sector to seek replacement funding or new funds to continue previous or deliver new projects.
- 4.2. Where previously ESF funded programmes are winding down, the Welsh Government has been proactive in enabling some activities to continue. For example, NEET reduction and innovation funding for the current academic year, which has allowed one member to run two more skills academies, although this is only a single year solution which provides a challenge when creating project teams to deliver.
- 4.3. Thus far, it appears there is little external activity outside of local authorities, as they look to tailor/modify previous structural fund delivery around skills and NEET prevention, and delivery in new areas piloted under CRF (Skills Academies). Anecdotal evidence suggests that in some regions, local authority projects previously funded by CRF are almost guaranteed to be renewed by SPF funding.

⁶ Please see [here](#). South East Wales Corporate Joint Committee: Shared Prosperity Fund – Principles and Regional Delivery Goals (July 2022)

4.4. There are a range of types of intervention that FE colleges have been exploring for future funding and new projects, with a view to developing proposals which respond to regional need and meet the criteria of the Shared Prosperity Fund. This has involved engaging with regional stakeholders and local authority partners to help inform the Regional Investment Plan for SPF. Below is an example of three projects that one region shared for discussion with local authority partners back in the summer of 2022:

- At Risk of NEET in FE – Designed to support young people who are ‘at risk’ and to build on the impact of the regional Inspire Achieve project.
- Employer Focused Skills – Aimed at providing a funding solution to meet the needs of priority sector employers and designed to address a gap in funding with the removal of the employer route of PLA and the end of Upskilling@Work.
- Priority Sector Skills Academies – Expansion of the pilot project delivered through CRF which provides a Welsh equivalent to the Northern Ireland Assured Skills Academy model and Skills Bootcamps in England.

There has been limited progress on all three strands to date.

5. Whether the funds are successfully identifying and supporting the communities and areas of Wales that are in greatest need, and how the geographical spread of funding compares to Structural Funds.

5.1. It is critical that SPF funds reach the areas in greatest need of support. SPF has the scope to be channelled into areas which would not have previously had access to local investment at such scale, as its flexible approach aims to represent a key shift from the previous EU system. We understand that SPF is a chance to do things differently and, in some cases, undertake different types of activity: it should not just be deemed to be continuation of ESF funding. Nevertheless, SPF will address many of the areas that ESF did support i.e. targeting of increased skills levels by focussing on those areas where employment is an issue.

5.2. There are however concerns that the methodology and legacy of EU structural fund delivery within local authorities remains. Although SPF is intended to build on existing national provision to create the optimal mix of support for each place, some members are concerned that there will be the continued bureaucracy that was associated with ESF in some areas. It remains too early to make detailed comparisons, but this should be carefully monitored as the programme progresses.

6. Whether The extent to which the processes and timescales set by the UK Government for the funds support local authorities and regions to achieve their intended outcomes.

6.1. Currently there is concern about clarity on the UK Government’s expectation of timescales, and there are significant differences in different regions. Where there are some instances of projects being funded and underway, the sense from other local authorities is that work should start from the beginning of April 2023.

- 6.2. Colegau Cymru previously called for a seamless transition to follow the end of existing projects to ensure as little disruption to learners as possible, noting that many existing projects through ESF and ERDF would continue into 2022 with the possibility of some even going to 2023.
- 6.3. Some members now find themselves in a position where significant delays have shortened the delivery window and therefore the potential impact and benefits of projects. SPF allocations at a local level are again significantly delayed with some projects mobilising at the end of Year 1 and others being procured/mobilised well into Year 2, reducing potential delivery from three years to as little as 18-months (including any closure period and evaluation activity).
- 6.4. CRF as a 12-month pilot was significantly delayed and resulted in a significant time reduction in delivery and ability to maximise impact of funding. We have previously highlighted frustrations from colleges regarding the very tight turnaround times for CRF which impacted negatively on the ability to work in partnership and pull sound collaborative plans together. Following these tight turnaround times, there have ultimately been delays in making awards to the extent that extensions are now being offered in relation to completing projects.
- 6.5. CRF was intended to be a pilot to help understand how SPF would be managed, and there should have been greater learning, especially around workable timescales for the development of plans and the ability to deliver on those plans. The funding objectives, policy and application structure of the new funding however, needed to be in place well before these dates, allowing organisations and institutions time to get together, identify projects and obtain approval prior to existing funding ending.
- 6.6. Mobilising funding over such a reduced timescale presents a major challenge, not only in the delivery but in the context of testing new approaches, and it lends itself to delivering more of the same, or claiming for central activities aligned to criteria (although we note this is difficult to disaggregate).

7. How effectively the different levels of governance in Wales are working together in relation to these funds.

- 7.1. We have held regular and useful conversations with the colleagues in the UK Government Wales Office and the Department for Levelling Up. We found that facilitating this relationship has proved useful, particularly for those members who have found communicating at a regional and local level more challenging, as it acts as a forum for colleges to share their experiences, voice concerns, and provide feedback in real time as the programme develops. In Spring 2023 we also welcomed the Welsh Local Government Association to this forum which added a useful dimension to this dialogue.
- 7.2. Due to the nature of the non-prescriptive approach set out by UK Government, about commissioning arrangements and freedoms to work within the framework, members have reported varying degrees of engagement throughout the process. From the development of and publication of Regional Investment Plans, to the current situation of commissioning arrangements where delivery is happening at a range of pace between local authorities. Ultimately, local Authority allocations of SPF have been significantly delayed which has restricted scope for regional and national working. and local authorities have faced the challenge of needing to mobilise structures to administer a funding portfolio aligned to something which would have previously been managed by WEFO.

- 7.3. We recognise the establishment of the regional working groups, however members report varying levels of concern at local authority bureaucratic processes slowing progress in project development. Anecdotally, a number of members have reported sensing increasing competition between local authorities at regional level as they seek to protect local budgets. Some members have also found it challenging to identify suitable points of contact to speak to within the local authority.
- 7.4. There are examples of best practice at regional working, such as in Carmarthen and North Wales, and these examples should be shared with regions that may not be working so well. We fully recognise that different places work better with different solutions, but we would encourage further sharing of the best methods to boost engagement between regions. When it comes to commissioning, UK Government do not expect it to remain hyper local, instead it should be regional as that is where the best practice has been.

8. The challenges and opportunities these funding streams provide for bodies such as businesses, colleges, universities and voluntary sector organisations who received Structural Funds.

- 8.1. There is an opportunity to streamline bureaucracy and deliver reactive and responsive programmes that no longer need to be aligned to seven-year national programmes. One member suggested that commissioning programmes using unit costs would help to quicken delivery and reduce bureaucracy.
- 8.2. Local authority devolved budgets should support this and allow similar programmes to run on a tailored basis effectively in different regions, allowing delivery to focus on beneficiaries and outcomes as a priority, and funding constraints as a secondary, however the appetite to commission work has been mixed.
- 8.3. There have been further opportunities for collaboration, or continued collaboration between education partners and local authorities that were not accessible, or were challenging under structural funds. There have also been opportunities around businesses and colleges (and others) having the ability to shape and influence future funding allocations and priorities, which was again more challenging under structural funds.
- 8.4. Inevitably, challenges will present themselves around timelines, funding commitments and outcomes, and whether there will be an ability to roll forward activity in future programmes (e.g. 2025-28); although a multi-year programme of more than three years should be encouraged. There is still need for greater regional and national working relationship across Wales, where activities can be joined-up to ensure a uniform approach for certain projects, particularly those which are targeted at businesses.

9. How the Multiply programme is developing across different parts of Wales, and what are the potential barriers and opportunities in relation to delivering this programme.

- 9.1. Engagement around the Multiply Scheme has been sporadic and presents a starkly different picture to the rest of the Shared Prosperity Fund. To date, there has been limited progress and these delays will inevitably have an impact on the effectiveness of the programme, number of interventions, and quality of delivery.

- 9.2. Engagement at local level has been positive but central restrictions have hugely hindered timescale, particularly with regards to uncertainty of how to procure and/or grant award such funding. FE should be central to delivery of Multiply, and it is disappointing the opportunity for some national programmes to be developed has been missed.
- 9.3. We know that there has been significant ‘under-utilised’ spend in the programme, and we have frequently discussed this issue with the Wales Office at the Department for Levelling Up, and called for an increase in the flexibility of funding to adapt programmes beyond the scope of just adult numeracy. Funding of this magnitude presents a greater opportunity but it requires national coordination to ensure it complements FE and Adult Community Learning (ACL) provision and funding in this area.
- 9.4. There is still uncertainty over how Multiply will work in practice and local authorities are pushing for further flexibility to enable funding to be utilised as part of the People and Skills priority strand to the fund. A decision is expected on this imminently but given we are approaching mid-April, colleges expect they would be fortunate to have things happening at scale by September 2023 which leaves a very short window to mobilise, deliver and evaluate by March 2025.
- 9.5. There is a concerning lack of joined up thinking in the way the Multiply programme is developing across Wales and even across regions. With each local authority area planning differently, for example some local authorities are going through procurement processes whilst others are operating grant funding projects, there is significant risk of duplication of both effort and funding. Already in one local authority, the overall budget for Multiply has been reduced by more than 20% with further funding at risk because no delivery has happened in year one.

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Colegau Cymru
April 2023

Post-EU Regional Development Funding

Consultation Response: Economy, Trade, and Rural Affairs Committee

FSB Wales

April 2023

About FSB

FSB Wales is the authoritative voice of businesses in Wales. It campaigns for a better social, political, and economic environment in which to work and do business. With a strong grassroots structure, a Wales Policy Unit and dedicated Welsh staff to deal with Welsh institutions, media and politicians, FSB Wales makes its members' voices heard at the heart of the decision-making process.

SMEs form the overwhelming bulk of businesses in Wales. They are grounded and embedded in our communities and provide vital services and amenities, as well as jobs and prosperity. They form the foundation for local economic development and create value within our communities. However, Brexit has altered a number of funding structures for Welsh businesses and new post-EU funding streams presents a number of opportunities and challenges for SMEs with regard to business support.

How effective were EU Structural Funds at transforming the Welsh economy?

We know that during the 2014-20 funding round, Wales received more than double the amount per person in EU Structural Funds than any of the other nations and regions of the UK. In this previous round, Wales was allocated over 8 times more in EU Structural Funds than the South East of England, €2.4 billion compared to €286 million. However, in terms of the SME economy specifically, evidence from the FSB Reformed Business Funding Report found that EU funding played a particularly important role around supporting scale-up firms looking to further their aspirations for further growth. Just under a quarter, 22.9% of Welsh SMEs have received support from European funding streams, primarily signposted through Businesses Wales or wider skills and business support. FSB also found in the Reformed Business Funding Report that 26% of small businesses in Wales had at some point applied for EU funding and business support. This financial support has been used to provide skills training, research, and development, and business development support. A significant proportion of the apprenticeships budget, a key support to SMEs and wider skills development in Wales, was also funded by the EU. FSB members reported that EU funding had a net positive impact on their business and local area, with only 15% of respondents suggesting that funds had no impact or a negative impact.

To highlight a specific stream within the fund that helped support the SME economy in Wales – a £157.5 million JEREMIE fund delivered finance to small businesses between 2009 and 2015. It was the first fund of its kind in the UK and its funding came from EU Structural funds, ERDF, and Welsh Government. The fund invested in microfinance, debt, and equality finance to support small businesses. Funding that is ringfenced for smaller

businesses is particularly important of the Welsh economy where 99.4% of our enterprises are SMEs.

Members did highlight difficulties in applying for EU funding and some found that conditions attached to funding were overly restrictive. Our evidence suggests that small business engagement and signposting of available EU funding support for access to finance was not always working as effectively as it should.

However, it is also the case that the money has not had a transformative effect on the Welsh economy. In our 2022 report 'Building Businesses', we expressed the hope that changes to the structure provide an opportunity to create a less bureaucratic and better funding system that serves Wales – and SMEs in Wales' – needs. More regulatory burdens and shorter funding cycles tend to mean SMEs missing out as they have less capacity to engage. This can lead to the traditional criticism that EU funding led to 'nice shiny buildings' but not the incremental changes and support for SMEs that is needed to transform Wales' economy.

In changing the funding system, we need to learn from past mistakes and look to a focus on long-term economic development in Wales. This requires a system which is anchored and certain, brings to bear considerable central resources to regional development, provides for local knowledge and builds on institutional learning and networks already in play, builds capacity and capabilities, and on a shared mission toward economic development in Wales that sits outside short-term political agendas and electoral cycles.

Whether the funding that Wales will receive to 2024-25 through the Shared Prosperity Fund and the tail-off of remaining EU Structural Funds matches the level of funding that Wales received through Structural Funds while the UK was a member of the EU and any potential Structural Funds that would have been available through the next programme.

The total value of the Shared Prosperity Fund and whether it matches that of EU Structural Funds in Wales is dependent to an extent on how we count that support – in terms of grants whether we will count the tailing off of EU funds and whether they will be replaced post 2025, and whether UK Government will address the need for better SME access to finance also in Wales.

Developments thus far suggest a shortfall compared to the quantity of funding previously available. FSB Wales has consistently stated our belief however that Wales should continue to be in receipt of funds of an equal or similar value post-Brexit. This believe is also supported by the majority (78%) of our membership in Wales. If funds of a similar value are not being made available to Wales, the Welsh economy stands to be much worse off.

From our interaction with members, and the Shared Prosperity Fund process, it is still relatively early to judge whether our individual members and wider sectors are receiving more or less than they were under previous funds.

However, there is a concern that less funding is being fed into the Welsh economy as a whole due to the lack of an additionality clause that appear in EU Structural Funds. Under the Structural Funds process, bids can be submitted which bid for money but without being matched. If a significant number of these bids are selected this will see the displacement of investment in Welsh economy overall as an unintended consequence of the Structural Fund, even if the value of the fund matches pre-Brexit funding.

Furthermore, even if the value of the pre- and post-Brexit funds match, the geographical movement of funding may mean that funding loss will be experienced acutely in certain areas like West Wales and the Valleys. That some more deprived areas in the Community Renewal Funds are not targeted and are seen as less of a priority than relatively better off areas is a concern, particularly as Wales is among the more deprived areas of the UK.

Which elements of the two new funds have worked well so far, and which have been less effective. What lessons could be learnt for the future to maximise the impact of the funds.

While the bidding process for the Shared Prosperity Fund is allowing for good, new, innovative ideas to be considered, it is unclear in all cases whether bidders are always best-placed to deliver projects or support.

There are a number of issues with the delivery being at a local authority level only rather than via Welsh Government. There are different administration processes and awarding of funds being undertaken by different Local Authorities which provides inconsistency and uncertainty for SMEs. Depending on the outcome of the structural funds this may lead to unfairness for SMEs operating in different regions, creating a postcode lottery of businesses support.

Having delivery at the Local Authority level also creates a situation where there is little cohesion and overarching structure. Previously at Welsh Government level, regional and national projects could be supported through EU funding but due to bids being decided in separate local authorities the ability to achieve wider aims is lost. The bidding process is likely to encourage speculative applications - where bids are put in for the sake of it, to see what happens, rather than for the benefit of the wider economy and community, again creating this lack of structural use of the fund. There is also an issue arising where if a regional bid is put in, if one local authority does not approve it – this prevents it being delivered in the other local authority areas even if they wished to fund it.

There is also a loss of efficiency and economies of scale that can be otherwise be gained by delivering projects at this higher level rather than at a more localised level. FSB Wales has always made clear that the competition element, putting rivals against each other, is perhaps not the best way to get value for money. The competitive bidding process also seems to mitigate against Local Authorities working in partnership, which is something that should be encouraged to provide for scale.

The bidding process risks creating considerable duplication. As there are separate deliberation processes across different local authorities, which require significant contribution and resources from partners, this duplication puts a strain on the time and resources of experts to contribute to the process. FSB Wales are concerned that many similar applications likely to come in across Wales and that duplication in awarding these similar applications may not be the best value for money or the most efficient way of delivering these projects. For example, where sustainability or net-zero focussed initiatives provided under the Shared Prosperity Fund may clash with money already available through Development Bank of Wales Funding, or where the two together could add more value and be mutually reinforcing.

Finally, with previous EU funds we know that just over a quarter of our members had applied for funding and just under a quarter had received funding but from interaction with our members so far, there is a worry that smaller businesses are not being made aware of the new funding available. FSB Wales is concerned that raising awareness of

the post-Brexit funds has not been sufficient enough, which risks leaving many smaller businesses here in Wales unaware of potential opportunities. There appears to be a lack of awareness among small businesses that this is happening at all, with low visibility of the Shared Prosperity Fund and the Levelling Up agenda in the small business community. This also which means it is harder to get consortia between businesses and/or with higher and further education.

What types of intervention are being delivered through the Shared Prosperity Fund, and to what extent do these differ from Structural Funds interventions.

FSB currently is not able to answer this question as it is still relatively early. We do not know the full impact of the Shared Prosperity Fund yet, and there is currently uncertainty as to which projects will be delivered. Where there are larger pots of funding being secured, for overarching projects, such as schemes for decarbonisation and sustainability for example, we also don't know whether these will be going between 10 businesses (£25,000 each) or 1000 businesses (£2500 each). We also don't know what the criteria will be for smaller businesses to access these separate pots, these criteria have the ability to make the funds more or less SME friendly. The progression of allocation of funds is something that needs to be closely monitored to understand what sectors, interventions, and businesses are involved.

Whether the funds are successfully identifying and supporting the communities and areas of Wales that are in greatest need, and how the geographical spread of funding compares to Structural Funds.

As already mentioned, one of the greatest positives coming from the current post-Brexit funding is that it is open to more Local Authorities than EU Structural Funds which means authorities previously exempt by Objective One or Convergence Funding criteria, now have access to potential funding. This provides opportunity to recapitalise rural Wales that was exempt from previous funding, and the regeneration of previously exempt towns. The Shared Prosperity Fund is also likely to deliver a postcode lottery of businesses support due to deliberation being made at the local authority level. We would like to see SMEs have access to innovative and sufficient funding to fulfil their needs and ambitions regardless of where they are geographically located in Wales.

The extent to which the processes and timescales set by the UK Government for the funds support local authorities and regions to achieve their intended outcomes.

The processes and timescales set by the UK Government for these funds are not SME friendly and do not utilise a 'Think Small First Model' which understands the need for better engagement with smaller businesses and appropriate mechanisms. Without doing so these processes, as stand, cannot fully support SMEs in Wales to achieve their goals and ambitions. Post-Brexit funding streams should be learning from best practice in Wales by including a Think Small First model. This should help to ensure that SMEs are not being unfairly disadvantaged. Currently, the minimum application of £250,000 is too high a level of spend for many SMEs and excludes many from this funding. There is also a concern that the timescales are too tight for to convene and engage necessary

coalitions of partners. Short timescales are particularly challenging for SMEs as they are likely to have reduced capacity, staff, and resources, especially in areas like administration. This makes meeting these deadlines more costly and challenging for them and disincentives smaller businesses from applying for the funding streams, which prevents them reaching their goals and UK and Welsh Government from reaching wider economic ambitions and truly supporting local economies.

A 'Think Small First' Model or Principle could take a number of forms, but may include policy such as:

- Ensuring impact assessments are made for businesses of smaller size where regulation and policy will likely have a disproportionate effect and provide mitigations accordingly
- Establishing frameworks, networks, and infrastructure that allows for information sharing, innovation, diffusion, and adoption
- Providing consistent and accessible information
- Cutting contracts into small enough pieces
- Reducing regulation for small businesses with less than 50 employees
- Providing suitable and equitable access to finance for small businesses

On top of this, a 'Fairness' Test' could be used to ensure equity and justice for smaller businesses during the transition to net zero. In planning and designing regulatory and policy frameworks, and in prioritising investment the following principles should be met:

- Fairness of Ambition – matching the reality of the challenge
- Fairness of Accountability – taking a coordinated approach with coherent and accountable governance
- Fairness of Delivery
- Fairness of Opportunity – ensuring businesses of all sizes, in all sectors, across every region and nation have access
- Fairness of Cost – ensuring policies are affordable and achievable

How effectively the different levels of governance in Wales are working together in relation to these funds.

There are dangers and risks for SMEs by UK Government bypassing Welsh Government in delivery of business support, and also in UK not using institutions and structures that have worked, retain trust between actors, are regionally-based and embedded in Wales. A comprehensive OECD report has noted importance of strong institutions, regional based capacity, to ensure effective joined up business support funding that works in the long-term and outside the electoral cycle. We concur with this assessment and urge that the system is shaped to accommodate expertise, local knowledge and institutional advantages that are in place in Wales. Similarly, we have previously expressed concern that Senedd members aren't engaged in the process in the way Members of Parliament are expected to participate.

The challenges and opportunities these funding streams provide for bodies such as businesses, colleges, universities and voluntary sector organisations who received Structural Funds.

From FSB Wales' interaction with the Shared Prosperity Fund process and our members so far, the key challenge for smaller businesses is that the processes are not SME-friendly. Post-Brexit funding streams should be learning from best practice in Wales and be designed with a Think Small First model in mind to ensure that our SMEs here in Wales are not being unfairly disadvantaged. For example, in North Wales there is a

minimum application spend of £250,000.¹ This is not a realistic level of spend for many SMEs and excludes them from this funding unless local authorities or other organisations put in bids to disperse that funding further. From speaking to members and witnessing the process, the timescales are also tight. This is particularly hard for SMEs who have reduced capacity, staff, and resources – meeting these deadlines and quick turn arounds will be significantly more costly and challenging for them. It is a concern that because of these processes, local authorities, universities, and colleges will be able to apply but the disincentives for smaller businesses are significant.

There are some opportunities of these new funding streams however for smaller businesses in Wales. As mentioned already, small businesses in local authorities that were previously excluded from certain EU funding now have greater funding opportunities available to them. There is also an opportunity, at the discretion of different local authorities, to provide funding for projects and SMEs that would not have been granted under previous EU funds. Divergence between the projects selected by and approaches of different local authorities may allow them to learn from each other and to develop best practice and innovation.

How the Multiply programme is developing across different parts of Wales, and what are the potential barriers and opportunities in relation to delivering this programme.

No view.

¹ <https://www.wrexham.gov.uk/SharedProsperityFund>

Post-EU regional development funding

Consultation response to the Economy, Trade and Rural Affairs Committee

About Universities Wales

Universities Wales represents the interests of universities in Wales and is a National Council of Universities UK. Universities Wales' membership encompasses the Vice Chancellors of all the universities in Wales, and the Director of the Open University in Wales.

Our mission is to support a university education system which transforms lives through the work Welsh universities do with the people and places of Wales and the wider world.

Universities Wales welcomes the opportunity to respond to the Committee's consultation.

Executive Summary

- Universities in Wales have delivered significant benefit through collaborative, large-scale research, innovation and skills projects funded by European Structural and Investment Funds (ESIF). These have included research projects aligned with Welsh and UK Government priorities on net zero and further nationally important challenges and skills work which has enabled more people of all ages and backgrounds to access education and training.
- The funding has enabled universities to deliver benefits to businesses, including small and medium enterprises, the public sector and individuals.
- In the most recent round, Welsh universities were directly awarded over £350m in EU funds as lead partners, with total project value exceeding £500m. In addition to this, Welsh partners benefited from €51m (~£45m) in Interreg funding for multi-partnered projects.
- ESIF funding has strengthened research capacity and supported developing and attracting talent to grow the Welsh research base within Welsh universities and deliver skills for the future.
- The UK Shared Prosperity Fund does not directly replace lost ESIF funding, as its remit and delivery structure do not sufficiently map across to areas funded via ESIF to date. The UK SPF has a far wider remit than ESIF, and its delivery via

local authorities inhibits our ability to take a regional or Wales-wide strategic approach on skills and R&I.

- As a result of the loss of ESIF funding, over 1,000 highly-skilled jobs and 60 research, skills and innovation projects in Welsh universities are at risk.

Consultation response

1. How effective were EU Structural Funds at transforming the Welsh economy?

Wales has received proportionally greater investment through European Structural Funds than other parts of the UK¹. A significant proportion of these funds has been invested in research, skills and innovation activities and infrastructure that have enabled our universities to secure competitive funding, support businesses and deliver to individuals.

This investment and the springboard it has provided has brought tangible benefits to people and places across Wales. Universities were the second largest recipients of EU Structural Funds in Wales in the most recent programme, being awarded over £350m as lead partners since 2014.

A number of major infrastructure projects at our universities have been supported by Structural Funds including a world-leading brain research centre, innovation campuses and the centre for compound semiconductors.

Capacity building projects with collaborative and innovative work across a number of Welsh universities have also been supported by Structural Funds. These have included projects focused on developing sustainable energy systems, advanced manufacturing, bio sciences and agri-tech.

- **ASTUTE**: The ASTUTE 2020 (Advanced Sustainable Manufacturing Technologies) operation supports collaboration in industrial Research, Development and Innovation (RD&I) between world-class academics based in five Welsh universities and a team of technical experts and project managers and industry. Successful projects have included a collaboration with Brother Industries (BIUK) to develop printer cartridges made using recycled plastics. BIUK can now transition products currently made from virgin resins to recycled resins, creating a direct environmental impact, reducing the use of raw materials, saving energy and reducing CO2 emissions from manufacturing and landfill.
- **FLEXIS**: Led by Cardiff University, Swansea University and the University of South Wales, brings together expertise from across these universities to facilitate an affordable, sustainable, and socially acceptable transition to a low carbon future. The five-year EU-backed project will look to solve a diverse, complex and inter-dependent set of challenges, ranging from energy storage, to decarbonisation and fuel poverty.
- **BEACON** is a partnership led by Aberystwyth University, working with Bangor and Swansea Universities and the University of South Wales. The BEACON team

¹ [Allocation of EU structural funding across the UK - GOV.UK \(www.gov.uk\)](http://www.gov.uk)

works on converting biomass and bio-industry wastes into biobased products with commercial applications, via biorefining and bio processing.

Structural Funds have also enabled universities to develop and deliver skills programmes.

- **[KESS](#)**: Knowledge Economy Skills Scholarship (KESS) is a programme led by Bangor University on behalf of the higher education sector in Wales, funded by European Social Funds. KESS supports collaborative research projects, placing research master's and PhD students with external partners ranging from SMEs to large companies, social enterprises and public bodies.
- **[Go Wales](#)** provides work experience programmes for young students on higher education programmes throughout Wales.
- **[Technocamps](#)** provides free STEM workshops for schools and resources to support digital upskilling across Wales through partnership with all Welsh universities.

The activities and research programmes delivered by universities via ESIF have brought a wide range of tangible impacts across communities in Wales and supported Welsh Government strategic aims such as achieving net zero.

The vast majority of these interventions are now at risk.

- 2. Whether the funding that Wales will receive to 2024-25 through the Shared Prosperity Fund and the tail-off of remaining EU Structural Funds matches the level of funding that Wales received through Structural Funds while the UK was a member of the EU and any potential Structural Funds that would have been available through the next programme.**

Remaining Structural Funds

According to the Welsh European Funding Office, remaining EU Structural funds to be spent by 2023 (cut off point for the 2014-2020 period) amounts to £60m² across projects led by Welsh universities. These funds relate to amounts already awarded.

Potential structural funds modelling

There are multiple factors affecting the allocation of EU Structural Funding making it difficult to calculate exactly the level that Wales could have expected to receive had the UK remained a member state of the EU.

However, CPMR modelling work has suggested that had the UK remained in the EU, it would have been entitled to approximately €13bn for the 2021-2027 period³. This is a 22% increase on the 2014-2020 allocation, due to the fact that many regions of the

² <https://committees.parliament.uk/publications/34549/documents/190166/default/>

³ <https://cpmr.org/wpdm-package/uk-allocation-for-cohesion-policy-for-post2020/?wpdmdl=20524&ind=1550570009760>

UK are falling behind the EU average in terms of regional prosperity, and there is a worsening level of regional disparity.

The share of the UK's EU Structural Funds was allocated according to levels of regional prosperity. There are three regions in Wales used to calculate funding allocation: North Wales, East Wales, and West Wales and the Valleys. For the 2014-2020 period, North Wales and West Wales and the Valleys were both categorised as 'less developed regions' (a regional GDP of less than 75% of the EU average) entitling them to a higher proportion of funding, while East Wales was a 'more developed region' (regional GDP of over 100% of the EU average).

CMPR forecasts, based on the allocation methodology published by the European Commission for the post-2020 period⁴, that had the UK remained a member of the EU, more regions across the UK would have been categorised as 'less developed regions', and notably East Wales would have been recategorised as a 'transition region', which would have meant more funding for the region, as regional GDP accounts for 75% of the allocation formula.

So while it is not possible to calculate exactly the amount of Structural Funds that Wales would have received had the UK remained part of the EU, when bearing in mind the UK received approximately €10.6bn for 2014-2020, and there are now more regions that would be classified as 'less developed' or 'transition', CPMR modelling suggests that North Wales and West Wales and the Valleys would have been entitled to over €500m each, and East Wales would have received ~€100-200m.

This is a potential €1.2bn (approximately £1bn) to which Wales could have been entitled from 2021-2027.

In addition to the above calculations, Wales would also have been eligible to apply for funding via Interreg for joint projects with e.g. Ireland, which is also ERDF funded. In the 2014-2020 funding round, Wales was involved in all three categories of Interreg – Cross Border with Ireland, Transnational Cooperation (Atlantic Area and NW Europe) and Inter-regional (Europe Wide) which delivered €51m of funding.

The objectives set out for the current structural fund programme include a greener, low carbon transition towards net zero and a more competitive, smarter Europe.⁵ The research and innovation activity delivered by Welsh universities aligns with these priorities, and could have drawn significant investment into Wales' work in these areas.

There is greater flexibility possible now for European regions to use Structural Funds in 'synergy' with other EU programmes such as Horizon Europe or Erasmus this further dimension unlocking alternative European funding opportunities has also been lost.

By comparison, Wales has received £459m across 2022-25 from the UK SPF⁶ for a far broader spectrum of interventions, which effectively remove larger- and longer-scale research and innovation activity delivered by Welsh universities from the equation. £101m of this funding is ring-fenced for the Multiply programme, meaning available funding over the three-year period is £358m, or £119m per year.

⁴ [EUR-Lex - 52018PC0375 - EN - EUR-Lex \(europa.eu\)](#)

⁵ [Inforegio - Priorities for 2021-2027 \(europa.eu\)](#)

⁶ [UKSPF allocations - GOV.UK \(www.gov.uk\)](#)

Comparison with Ireland

In the recent announcements of the European Regional Development Fund operational programmes for Ireland a strong emphasis is placed on investment in research and innovation including through investment in the new Technological Universities. The Operational Programme for the Southern, Eastern and Midland Regional Programme will have €663m funding from 2021-27 and has a major focus on building research, development and innovation capacity through investment in the Technological Universities as regional research institutions to create '[Smarter and More Competitive Regions](#)'. The Operational Programme for the Northern and Western Region has €217m funding during 2021-27 and has a focus on investing in the capacity of the new [Atlantic Technological University](#).

Pioneer

The prospectus for [Pioneer](#), the UK Government's 'plan B' in the event of non-association to Horizon Europe has been published.

Although the proposals for 'Pioneer Infrastructure' make mention of UK Government's levelling up ambitions, it's not clear whether the investment in Science Research Technology and Innovation would directly redress the loss of structural funds – including the capital funding which has been beneficial for the sector in Wales – and the role of devolved governments in the programme remains quite vague within the prospectus.

Allocation mechanisms

Beyond the actual amount of funding allocated to Wales' regions, the mechanism for allocating funding at a strategic level has also been lost. The Welsh European Funding Office (WEFO) allocated structural funds across Wales with longer-term strategic objectives in mind, using funding to drive significant research and innovation activity and skills projects in Welsh universities. Universities in Wales were the second largest recipient of ESIF in the 2014-2020 period, accessing over £350m to deliver research, innovation and skills activity that delivered benefits to the people and places of Wales.

The Welsh Government's Framework for Regional Investment⁷ included strategic objectives including enhancing effective research, development, knowledge exchange and innovation capacity.

By comparison, the distribution of the UK SPF via local authorities is leading to shorter-term, localised priority setting and funding allocation, with no strategic objective driving a higher-level focus on national investment ambitions.

This fundamental difference in funding allocation and delivery means that for Welsh universities, the UK Shared Prosperity Fund cannot legitimately be considered replacement funding for ESIF.

⁷ [*Framework for Regional Investment in Wales \(gov.wales\)](#)

3. Which elements of the two new funds have worked well so far, and which have been less effective. What lessons could be learnt for the future to maximise the impact of the funds.

In order for Welsh universities to continue to deliver benefit to the people and places of Wales, there would need to be some significant changes to the delivery of the UK Shared Prosperity Fund.

The structure of delivery via local authorities, despite the UK Shared Prosperity Fund prospectus recommending the inclusion of universities in local partnership groups, and operating through pre-existing regional geographies such as city and growth deals, is too localised to meet regional or Wales-level strategic priorities for investment in research, innovation and skills. Available grants were too small, with too tight a timescale, to allow for meaningful, strategic and joined-up bids to be developed.

A more considered, joined-up, regional or Wales-wide approach is needed to address gaps in funding arising from the withdrawal of ESIF. In our view, the Welsh Government's Framework for Regional Investment would provide a helpful structure for funding.

Timescales also need addressing. The UKSPF prospectus was released in April 2022, with a deadline for investment plans of 1 August 2022. This gave very little time for a strategic approach to delivery.

Furthermore, with funding allocated up to 2025, compared to the ESIF period of 2021-2027, there is less opportunity for investment in longer-term projects.

Universities have noted that ESIF funding processes were fairly bureaucratic, and so consideration should be given to reducing bureaucracy in allocating research and innovation funding. This is in line with the findings of the Independent Review of Research Bureaucracy led by Professor Adam Tickell⁸ (funding applications were the most cited causes of unnecessary bureaucracy based on the length and complexity of the processes) and the Independent Review of the UK's Research, Development and Innovation Organisational Landscape, led by Professor Sir Paul Nurse⁹ (which found research operations are hindered by excessive bureaucracy with too much emphasis on audit-oriented reviewing and reporting).

4. What types of intervention are being delivered through the Shared Prosperity Fund, and to what extent do these differ from Structural Funds interventions.

It is still too early say what interventions are being delivered via UK SPF funding. The investment priorities set out in the UK SPF prospectus are communities and place, supporting local business, and people and skills. These cover interventions such as investment in town centres, creating jobs, business support and local-level investment in research and development infrastructure.

⁸ [Independent Review of Research Bureaucracy: final report \(publishing.service.gov.uk\)](https://publishing.service.gov.uk)

⁹ [Independent Review of the UK's Research, Development and Innovation Organisational Landscape: final report and recommendations \(publishing.service.gov.uk\)](https://publishing.service.gov.uk)

Compared to this, the policy objectives for EU cohesion policy (informing allocation of ESIF) for 2021-2027 are:

1. a more competitive and smarter Europe
2. a greener, low carbon transitioning towards a net zero carbon economy
3. a more connected Europe by enhancing mobility
4. a more social and inclusive Europe
5. Europe closer to citizens by fostering the sustainable and integrated development of all types of territories

These policy priorities line up with Welsh Government's Programme for Government ('build a stronger, greener economy making maximum progress towards decarbonisation'; 'celebrate diversity and move to eliminate inequality in all of its forms' ¹⁰) and the Framework for Regional Investment ('our vision for regional investment is to support jobs and growth in communities right across Wales, in a way which is both inclusive and sustainable and with an emphasis on integrating investments and regional decision making')¹¹.

The types of intervention being delivered through UK SPF funds are localised and focused on short-term improvements. The type of activity historically funded via ESIF in Wales has been longer-term and of strategic priority. Universities have delivered collaborative research projects focusing on sustainable energy solutions and advanced manufacturing but cannot access replacement funding for this activity via the UK SPF as they sit outside of the fundable interventions in the prospectus.

Universities are accessing relatively small funding streams to deliver localised anchor projects such as business support and continued professional development courses.

5. Whether the funds are successfully identifying and supporting the communities and areas of Wales that are in greatest need, and how the geographical spread of funding compares to Structural Funds.

European Structural Funds are awarded on a regional basis according to regional GDP. (as outlined in further detail in response to question 2).

The UK SPF invited investment plans from local authorities, to be developed in collaboration with a 'local partnership group' including local and regional stakeholders, to 'unlock' the conditional funding allocated in the prospectus.

For Wales, the allocation was set as:

- 40% of funding is allocated on a per capita basis across Wales.
- 30% of the allocation uses the same needs-based index previously used to identify UK Community Renewal Fund priority places.
- 30% are allocated using the Welsh Index of Multiple Deprivation.

¹⁰ [Welsh Government Programme for government: update \[HTML\] | GOV.WALES](#)

¹¹ [Framework for Regional Investment in Wales \(gov.wales\)](#)

The key difference is that ESIF was allocated on a regional basis, and delivered at a strategic level across Wales, whereas the UKSPF has been allocated directly to local authorities which inhibits our ability to draw together large, long-term regional or national projects.

6. The extent to which the processes and timescales set by the UK Government for the funds support local authorities and regions to achieve their intended outcomes.

The prospectus for the UK SPF was published in April 2022, with a deadline for local investment plans to be submitted by 1 August 2022.

This is an extremely tight timescale for lead local authorities to have engaged with relevant local and regional stakeholders as suggested in the prospectus.

Universities were listed as key members of local partnership groups, however despite efforts on all fronts to work within the timescale and structure, universities across Wales have struggled to engage with the process.

As the SPF is annualised funding, there is a real risk that activity will be overly weighted towards short-term rather than long-term need.

7. How effectively the different levels of governance in Wales are working together in relation to these funds.

Despite the prospectus for the UKSPF advocating for the inclusion of universities in local partnership groups, and a focus on regional working across existing city and growth deals, anecdotal evidence suggests that engagement has been sporadic and inconsistent, often depending on pre-existing relationships existing between local authorities and universities.

Different local authorities have adopted a variety of mechanisms for engagement, communication and delivery in response to the challenging timescale and structure they have been dealt by UK Government.

Allocating funding to local authorities hinders the ability to use the funding strategically at a regional and national level, and makes it difficult to continue to fund collaborative research, innovation and skills projects led by Welsh universities to continue to deliver significant benefit to the people and places of Wales and beyond.

ESIF funding was delivered on a regional level according to national priorities by the Welsh European Funding Office. Universities Wales would advocate for a more strategic approach at a regional level formalised to the delivery of replacement funding.

8. The challenges and opportunities these funding streams provide for bodies such as businesses, colleges, universities and voluntary sector organisations who received Structural Funds.

Universities have been the second largest recipient of ESIF in Wales, delivering significant and tangible benefits to individuals, businesses and the public sector. The

greatest challenge posed to universities in the wake of ESIF funding is struggling to find like-for-like funding to continue delivering the research and skills projects set up using these funds.

The UK Shared Prosperity Fund does not provide direct replacement funding, it has a wider remit than purely research, innovation and skills, and its structure and delivery makes it significantly harder for universities to access the funding, as outlined in response to questions 6 and 7. The Community Renewal Fund operated as a precursor to the UK SPF and focused on skills, business, employment and investment in communities.

It should also be noted that UKRI cannot provide direct replacement funding for ESIF. UKRI funds research and innovation rather than regional development activity, and universities submit bids for competitive funding pots. The funding programmes delivered by UKRI are not able to provide support to retain the capacity and talent supported by ESIF.

As a result of the loss of ESIF funding, over 1,000 highly-skilled jobs in Welsh universities are at risk. We risk losing significant research talent and capacity across Wales without sufficient replacement funding, which the UK SPF does not provide. For this reason, Universities Wales has called for bridging funding from the UK Government to mitigate against the immediate cliff-edge facing research projects.¹² The ask set out was for ~£70m, roughly 6% of the overall UKSPF across the UK, to simply provide enough capacity to make longer-term strategic decisions about whether and how to continue to sustain individual research projects, rather than letting them fall off the cliff edge as ESIF comes to an end.

The limited opportunities for universities to access funding via UK SPF are largely skills-related programmes. However, mapping existing projects onto the UK SPF is challenging if not impossible, for example the very successful KESS programme supports PhD students to work with small and medium-sized businesses, and which takes at least 3.5 years¹³. UK SPF funding would not cover this period.

9. How the Multiply programme is developing across different parts of Wales, and what are the potential barriers and opportunities in relation to delivering this programme.

We are aware of a number of challenges associated with rolling out the Multiply programme in Wales as outlined by the Economy Minister in evidence to the Committee on 16 March¹⁴, however universities are not directly involved in its delivery.

There were a number of innovative skills development programmes funded by structural funds, and it is unfortunate that the focus on learning and development within the replacement funds has been through Multiply when there are other existing successful models that we are likely to lose.

¹² [Universities sound the alarm for research, innovation and skills in Wales | Universities Wales \(uniswales.ac.uk\)](https://www.uniswales.ac.uk)

¹³ [KESS 2 Knowledge Economy Skills Scholarships](#)

¹⁴ [Economy, Trade, and Rural Affairs Committee 16/03/2023 - Welsh Parliament \(senedd.wales\)](#)



Post-EU Regional Development Funding

1. Introduction

- 1.1. Wales Council for Voluntary Action (WCVA) is the national membership body for voluntary organisations in Wales. Our purpose is to enable voluntary organisations to make a bigger difference together.
- 1.2. WCVA has been involved in the design and implementation of the Structural Funds in Wales since 2000, from the development of Objective One programme documents, to the delivery of a range of operations through the successive programmes such as the Social Risk Fund, Intermediate Labour Market and Engagement Gateway, and in the 2014-2020 programme the Active Inclusion Fund, the Social Business Growth Fund and the Community Asset Development Fund.
- 1.3. WCVA was appointed as an Intermediate Body (IB), under the existing 2014-2020 programme, in recognition of its ability to effectively manage and administer competitive grants on behalf of the Welsh European Funding Office (WEFO).
- 1.4. This submission is a response to the Senedd Economy, Trade and Rural Affairs Committee's inquiry into post-EU regional development funding, and it has been informed by discussions with the Third Sector European Forum, County Voluntary Councils (CVCs) and other voluntary sector organisations with an experience in delivering European Structural Funds projects.

2. How effective were EU Structural Funds at transforming the Welsh economy?

- 2.1. The Structural Funds have had a substantial impact on the voluntary sector in Wales and subsequently on underrepresented individuals and communities that the sector supports.
- 2.2. It is estimated that under the 2000-2006 European Structural Funds programmes the voluntary sector accessed over £224 million and in the 2007-2014 funding cycle it was awarded over £105 million. Under the current

2014-2020 programmes the voluntary sector has lead operations worth over £138 million.¹

- 2.3. Voluntary sector organisations have had a significant involvement in ESF funded employability and skills programmes, such as WCVA's Active Inclusion Fund, which helped voluntary organisations support some of the most vulnerable in society on their journey towards employment. Since 2015 Active Inclusion awarded over £30 million in grant funding to more than 180 organisations, and helped over 23,000 disadvantaged people to move into or closer to employment. The Fund had a calculated 'social return on investment' of approximately £3.37 of benefit generated for every £1 spent.²
- 2.4. Over the past two decades the Structural Funds have been successfully used to stimulate the growth and development of the social business sector in Wales with the help of the European Regional Development Fund. In the current funding programme WCVA's Social Business Growth Fund and Community Asset Development Fund awarded £4.8 million across 59 social businesses which created 282 jobs.

3. Whether the funding that Wales will receive to 2024-25 through the Shared Prosperity Fund and the tail-off of remaining EU Structural Funds matches the level of funding that Wales received through Structural Funds while the UK was a member of the EU and any potential Structural Funds that would have been available through the next programme.

- 3.1. One of the biggest concerns for the voluntary sector is over the timescales of the UKSPF. The launch and distribution of funds were not well timed as they did not align with the tailing off of EU funds. This had a major impact on a large number of organisations whose projects ended before money from the UKSPF were available.
- 3.2. Although funding will match the levels of previous Structural Funds by the third year of the funding period, it needs to be noted that we are already in the second year of the UKSPF, most of which has not been distributed yet, and projects will need to finish delivery by the end of 2024 to allow time for the closure of the programme.

¹ UKRCS (2023) Two Way Street: European Structural & Investment Fund Support for the Voluntary Sector in Wales p.16 <https://wcva.cymru/wp-content/uploads/2023/03/European-Structural-Investment-Fund-Support-for-the-Voluntary-Sector-in-Wales.pdf> Accessed: 20 April 2023

² UKRCS (2022) WCVA Active Inclusion Fund Evaluation. Final Report: Executive Summary p.6. <https://wcva.cymru/wp-content/uploads/2023/01/WCVA-AIF-Evaluation-Final-Report-Executive-Summary.pdf> Accessed: 20 April 2023

3.3. It is difficult to compare the level of funding Wales receives from the UKSPF with how much it would have received from the next Structural Funds programme, due to the different funding cycles. However, an analysis from the Conference of Peripheral Maritime Regions (CPMR) estimated that the UK would have been entitled to 22% more funding for the 2021-2027 period, based on the European Commission's allocation methodology for the funds.³ This would have impacted the level of funding coming to Wales in particular, as the West Wales and the Valleys, the UK's poorest region, would have still been classed as a 'less developed' region therefore entitled to a higher level of funding.

4. Which elements of the two new funds have worked well so far, and which have been less effective. What lessons could be learnt for the future to maximise the impact of the funds.

- 4.1. Our response focuses on the Shared Prosperity Fund as this is what the voluntary sector will most likely access.
- 4.2. We are supportive of the overarching policy that underpins the UKSPF and its investment priorities. A lot of the Fund's aims align with voluntary sector activity and expertise, e.g. increasing engagement in local culture and community, increasing pay, employment and productivity, supporting economically inactive people to overcome barriers to employment, supporting those furthest from the labour market to gain skills and access work.
- 4.3. It is commendable that the UKSPF enables places to make investment decisions locally, close to the communities that these decisions have an impact on. However, the current structures and processes make regional collaboration very difficult, which is particularly challenging for larger and national organisations that operate in more than one local authority area or region. This overly localised approach has resulted in a very inconsistent funding landscape across Wales, and there seems to be very little coordination between the regions. We can see inconsistencies within the regions as well, e.g. in some areas open calls have already been announced, in others there is little to no publicly available information on how local authorities are proposing to spend the funding.
- 4.4. Certain interventions are better suited for local delivery (e.g. supporting community and neighbourhood infrastructure projects), while some

³ CPMR (2019) UK entitled to €13bn regional funding if it remains in EU <https://cpmr.org/wpdm-package/uk-allocation-for-cohesion-policy-for-post2020/?wpdmdl=20524&ind=1550570009760> Accessed: 21 April 2023

interventions are likely to be more effective when they are delivered regionally (e.g. employability and skills projects) because of the need for a strategic and operational coordination. Future funding programmes need to reflect this, building on the lessons learnt from the delivery of the Structural Funds, the Community Renewal Fund and the UKSPF, and embedding the elements that have worked well in each of these programmes.

- 4.5. We support the commitment to reduce the levels of bureaucracy and administration, however, the inconsistencies in operation between and within the four regions make the process very difficult for organisations seeking funding for projects covering more than one local authority area. Having to engage with and report to several councils require capacity which organisations don't always have or could direct elsewhere if the process was more efficient.
- 4.6. The local authorities' engagement with the voluntary sector – and more specifically with the local County Voluntary Councils (CVCs) – has been varied across Wales. We have seen some good practice in some places where the local authority is working closely with the local CVC and involve them in the decision-making. Some CVCs have been encouraged to run a 'key fund', allowing them to distribute a pot of funding to voluntary sector organisations and local communities. However, in some parts of Wales the CVCs have not been engaged at all in local discussions about the UKSPF.
- 4.7. The UK Government did very little consultation on the UKSPF before its launch. The Fund should have been developed following meaningful consultation with potential beneficiaries and those who deliver frontline services to support these people. It is essential that the voluntary (and other) sectors are involved in the development of future funding programmes post March 2025; this would ensure that the funds are distributed more effectively.
- 4.8. The European Structural Funds programmes in Wales were negotiated between the Welsh Government and the European Commission, and they have been monitored by the Programme Monitoring Committee (PMC). This has ensured that the programme reflected the strategic priorities of Wales, and through representation on the PMC the voluntary sector was able to influence the direction, spend and the management of the Funds. The UK Government has drastically changed this system by circumventing the Welsh Government and reducing its role compared to its Managing Authority status under the Structural Funds programmes. The central management of funds on a Wales level has been replaced by a fragmented system. The change in governance has also changed the role of the voluntary sector, from being an

equal partner in the design and delivery of funds, with direct representation on the PMC, to having no formal involvement in the strategic governance of the UKSPF.

- 4.9. The seven-year programme cycles of the Structural Funds enabled projects to be funded for three years and longer. Due to the delays of the rollout of the UKSPF and the short-term nature of the funding, projects will be running for 18 months or less. This is not effective and it does not provide security and stability for the planning and delivery of projects. The annual funding cycles put pressure on local authorities to spend their allocation to make sure they don't lose the funding, and having to justify the need for rolling the money over to the next financial year adds unnecessary burden on local authorities, that are already struggling with capacity.
- 4.10. One of the key challenges that the voluntary sector faces is around the timescales and the processes of the UKSPF; these concerns are addressed in point 7.

5. What types of intervention are being delivered through the Shared Prosperity Fund, and to what extent do these differ from Structural Funds interventions.

- 5.1. Although there are some differences between the UKSPF and the European Structural Funds in this respect, the type of interventions that the voluntary sector is likely to be involved in are similar. The UKSPF aims to support a range of activities where the voluntary sector has experience and expertise (e.g. community action, supporting those most marginalised in society). As the majority of the Fund has not been awarded yet, it is too early to say to what extent the funded interventions will be different, and how much of it will be delivered by the voluntary sector.
- 5.2. The lack of cross-border collaboration from the UK Government's priorities is notable. The loss of access to EU programmes such as Interreg is leaving a gap in funding, and we welcome the Welsh Government's efforts to support these activities through its Agile Cymru work.
- 5.3. The main challenge for the voluntary sector lies more in the operation and delivery of the Fund. The shift to local authority led delivery is a significant change compared to the Structural Funds. Some voluntary sector organisations have a collaborative relationship with the local authority, while others work more in isolation and need to establish and strengthen these relationships.

6. Whether the funds are successfully identifying and supporting the communities and areas of Wales that are in greatest need, and how the geographical spread of funding compares to Structural Funds.

6.1. Structural Funds allocations were determined by a region's GDP per capita.

The West Wales and the Valleys region was categorised as 'less developed' as its per capita GDP was less than 75% of the EU average, while East Wales was considered 'more developed' as its GDP per capita was more than 90% of the EU average. Based on this model, the West Wales and the Valleys (WWV) region attracted significantly more EU investment than the East Wales (EW) region.

6.2. The UKSPF uses a different allocation methodology; 40% of the Welsh allocation is distributed to areas according to population, 30% according to a need-based index and another 30% based on the Welsh Indices of Multiple Deprivation. As the Wales Fiscal Analysis highlighted⁴, funding has shifted away from the WWV region towards the EW region, and although the funding levels are still higher in WWV compared to EW, the amount is less than what WWV received from the Structural Funds. This raises questions about whether this methodology will truly be effective in supporting the places most in need. We would have liked to see a much wider consultation on the methodology used.

6.3. Voluntary sector organisations are often best placed to reach and support the most vulnerable and marginalised people and communities in our society. They deliver interventions that are tailored to the specific and often complex needs of their client groups whom mainstream services often don't reach. Over the past two decades the voluntary sector built up knowledge, capacity and expertise from delivering vital services for people with complex barriers, with the help of EU funding. Most of these projects have closed and it is currently not certain if these organisations will be able to access funding from the UKSPF in order to continue this vital support.

7. The extent to which the processes and timescales set by the UK Government for the funds support local authorities and regions to achieve their intended outcomes.

7.1. Although the UKSPF was first announced in 2017, full details of the Fund were not published until its launch in April 2022. The UK Government did not run a

⁴ Ifan, G. & Poole, E.G. (2022) Written Evidence to the Finance Committee's inquiry into Post-EU Funding Arrangements
<https://business.senedd.wales/documents/s124953/PEU%2014%20Wales%20Fiscal%20Analysis.pdf> Accessed: 20 April 2023

formal consultation on the design of the UKSPF and very little was known about the Fund until February 2022, when the Levelling Up White Paper and the UKSPF Pre-launch guidance were finally published. The majority of the first year of the funding period had to be spent on developing and approving regional investment plans and setting up local and regional structures and processes. This work should have been completed before the launch of the Fund, which would have ensured a smoother transition from EU funding to the UKSPF. A key lesson to take from this is that planning needs to start much sooner. Discussions about funding post March 2025 need to start as soon as possible, with the involvement of the voluntary and other sectors.

- 7.2. The loss of EU funding and the delayed implementation of the UKSPF led to a funding gap which has had significant implications for the voluntary sector as well as the people and communities that voluntary organisations have been supporting with the help of EU funds. The majority of these projects closed by the end of December 2022, with no funding readily available from the UKSPF to continue these activities, leaving vulnerable people without the vital support that they rely on, especially at a time when we see a significant rise in the cost of living. The funding gap has also led to a significant loss of capacity and expertise within the voluntary sector as project staff have been made redundant. The end of EU funding has severely impacted WCVA as well; the organisation has recently gone through a restructure and will lose around a third of its staff.
- 7.3. Due to the delay in the approval of the regional investment plans local authorities were not in a position to open any calls for applications before early 2023, and further funding calls in several local authority areas are yet to be announced. Although funding is confirmed until March 2025, projects need to be completed by the end of December 2024, to allow time for the closure of the programme. This means that project delivery will likely be no longer than 18 months. As a result of this, we foresee difficulties in the recruitment of project staff for short-term temporary roles. This short-term nature of the UKSPF is in sharp contrast with the multi-annual funding cycles of the Structural Funds, which provided stability and enabled projects to be funded for much longer.
- 7.4. We are sympathetic towards the local authorities, who are in a very difficult position and are working to very challenging timescales under huge pressure. As a result of the delays highlighted above, local authorities had very limited time to consult with stakeholders on the local and regional investment plans before submitting these to the UK Government. This period also coincided

with the local government elections which put further time pressure on the local authorities.

7.5. As said above, we are broadly supportive of the strategic and policy direction of the UKSPF, however, the operational implementation, especially the timescales of delivery and the current end date of the funding means that, in our view, the stated aims of the UKSPF are not achievable.

8. How effectively the different levels of governance in Wales are working together in relation to these funds.

8.1. A coherent governance structure needs to be established on a Wales level, to ensure the strategic oversight and the appropriate scrutiny of the UKSPF through a formal mechanism, and to provide a strategic forum where stakeholders from a wide range of sectors and backgrounds can share learning and best practice and discuss any issues. Such an arrangement would ensure there is consistency in the operation of the Fund across Wales, and it would foster cross-sector engagement and collaboration. In the current European Structural Funds programme in Wales the Programme Monitoring Committee (PMC) has a similar role.

8.2. There are inconsistencies in the regional and local governance as well. Each region is taking a different approach to managing the Fund, with varying level of voluntary sector involvement. While there are some good examples of collaboration between local authorities and CVCs, this does not happen everywhere in Wales. Some CVCs are not involved in any discussions or decisions about the funding at a local level, which makes it very difficult for them to engage their members in the potential opportunities through the UKSPF. One of the CVCs highlighted that although they have no involvement, some of their members are to receive funding, which suggests that there is engagement with the voluntary sector, but not necessarily with the CVC that has a wider community membership. The fund prospectus states that voluntary sector, social enterprise and civil society organisations should be involved in the Fund through representation on the local partnership groups. The County Voluntary Councils are not named in the prospectus, whereas the Third Sector Interface Groups (the CVCs' Scottish counterparts) are mentioned by name. Including the Welsh and any English and Northern Irish counterparts as well could help ensure that these local supporting bodies are not excluded from the decisions and processes.

8.3. Wales has a long history of partnership working and has a track record of collaboratively designing solutions at national, regional and local levels. This

approach needs to be embedded in the UKSPF to help foster more joined up working and collaboration. This would be particularly useful in the employment support sector for example, which is currently very complex in Wales. A variety of employability services are delivered by the Welsh Government, the DWP and the local authorities, and the fragmented implementation of the UKSPF could result in a whole range of new local interventions that are not integrated and coordinated with other existing provision.

8.4. At the Welsh Labour conference on 11 March 2023 Keir Starmer made a pledge to give control over the UK Shared Prosperity Fund back to the Welsh Government.⁵ As mentioned above, early planning is essential for a smooth transition between funding programmes, therefore the Welsh Government needs to start planning for this scenario now, to ensure they have a clear plan in place if the Labour Party wins the election.

9. The challenges and opportunities these funding streams provide for bodies such as businesses, colleges, universities and voluntary sector organisations who received Structural Funds.

9.1. Some of the biggest challenges for the voluntary sector are:

9.1.1. The delays in the implementation of the Fund. Many organisations have already lost staff, expertise and capacity following the closure of their EU funded projects which need to be built up again if they were to run UKSPF funded projects.

9.1.2. The short-term nature of the funding will likely cause difficulties for organisations to recruit project staff as they will only be able to offer very short term project based work.

9.1.3. The inconsistency in operation and delivery is particularly challenging for larger organisations that are seeking funding from multiple local authority areas and regions.

9.2. The UKSPF also provides opportunities for the sector, e.g.:

9.2.1. It will be easier to secure funding for small, community-led projects.

9.2.2. Compared to EU funding the administrative burden will be significantly less for small local projects that are delivered within one local authority area.

⁵ Keir Starmer (2023) 'A fairer, greener Wales' speech. LabourList website <https://labourlist.org/2023/03/a-fairer-greener-wales-keir-starmers-speech-to-welsh-labour-conference/> Accessed: 20 April 2023

9.2.3. The shift to a new delivery model can provide opportunities to build new relationships (e.g. with local authorities).

10. How the Multiply programme is developing across different parts of Wales, and what are the potential barriers and opportunities in relation to delivering this programme.

10.1. We continue to push for additional flexibility in how Multiply can be invested and used, however, the role and engagement of the voluntary sector in this has been limited so far.

Mae cyfyngiadau ar y ddogfen hon

Mae cyfyngiadau ar y ddogfen hon

Eitem 8

Mae cyfyngiadau ar y ddogfen hon