

21 December 2020

Dear Caoimhe

### Shared Prosperity Fund

Thank you for your letter of 14 December 2020, regarding the UK Shared Prosperity Fund (“the Fund”). The UK Government has an important role to ensure that the Welsh Government has sufficient resource through the Fund and therefore this is an issue that has been of interest and concern to the Finance Committee for some time.

In 2018, we reported on the [Preparations for Replacing EU Funding for Wales](#). At that time, the Committee raised concerns about the lack of engagement between the UK Government with the Welsh Government on replacing funding for Wales after Brexit and the lack of information available on how funding would be allocated to devolved administrations. We recommended that the Welsh Government should manage and administer Wales’ share

We have kept a watchful brief on the development of the Fund and recently [wrote to the Secretary of State for Wales](#) expressing our disappointment that almost two years after our report we still do not have a clear idea of how this Fund will be allocated or administered. Given the considerable uncertainty regarding the position after the end of the EU transition period, we requested a timescale and intentions for informing the Welsh and other devolved Governments of the details of the Fund.

The [Secretary of State response](#) stated that the Share Prosperity Fund “remains one of the UK government’s top priorities” and indicated that more information would be made available as part of the Comprehensive Spending Review.

We also considered the Fund as part of our scrutiny of the UK Internal Market Bill (“the Bill”). We heard from the Welsh Government Minister for Finance (“the Minister”) that the level of engagement from the UK Government remains “exceptionally poor”. The Minister noted that the UK Government had been approaching local authorities directly, which sets a worrying precedent. Our [report](#) on the Bill concluded that the lack of progress on the Fund is unacceptable and that the UK Government must engage with the Welsh Government and other devolved Governments as a matter of urgency.

Following the Chancellor of the Exchequer’s delivery of the UK Government’s Spending Review on 25 November 2020, we [wrote](#) again to the Secretary of State to request an urgent update on the impact of the spending review in Wales particularly in relation to the Fund. We received a response from the Secretary of State on [5 December 2020](#).



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Given the significance of the funding announcements to Wales, we held an evidence session with the Minister on 15 December 2020 to discuss the announcement, including the Fund. We heard from the Minister that:

“UK Government have said almost nothing at all on the issue of the shared prosperity fund and shared no meaningful information with the Welsh Government.”

I have attached a copy of the [transcript](#) for information. The Committee will be commencing its scrutiny of the Welsh Government’s Draft Budget 2021-22 at the start of next year and the issue of the Fund is something that the Committee will continue to pursue with the Welsh Government.

Yours faithfully,

A handwritten signature in black ink, appearing to read 'Llyr', is centered within a light yellow rectangular box.

Llyr Gruffydd MS / AS

Cadeirydd / Chair

