

Chwarae Teg submission to the Finance Committee

Post-EU Funding Arrangements

April 2022

Introduction

Chwarae Teg is Wales' leading gender equality charity. We work to secure a fairer Wales where all women achieve and prosper, ensuring that women enjoy economic equality, are fairly represented in all walks of life and are no longer at risk of poverty, violence and exclusion.

For over a decade Chwarae Teg has received EU structural funding to support our work. Programmes such as Agile Nation 2 have delivered over £5.6 million worth of pay rises to working women in Wales, actively addressing the aim to boost productivity, pay and jobs, including in communities where they are most lagging. Agile Nation 2 contributes to closing the gender pay gap; moving women into more secure and more productive jobs and ensuring that women as well as men are able to benefit from Levelling Up.

The loss of EU funding presents a challenge and an opportunity for ourselves and the entire third sector. We welcome that the proposed new funding regime represents an acknowledgement of the need to actively transfer wealth across the United Kingdom, however, we are concerned that equality and diversity are not central to the aims of the Shared Prosperity Fund (SPF) and we could therefore see a widening gap between those who are able to benefit from economic growth and prosperity and those who cannot.

Key messages

1. There continues to be a lack of clarity over the role of the third sector in multiple areas of the SPF. To date there has been limited but useful engagement with the UK Government on a number of issues around the SPF, but these do not appear to have shaped the subsequent prospectus significantly.
2. It is unclear how the regional geographies responsible for awarding and reporting on the SPF will engage with the third sector. We know that the third sector in Wales has a track record of delivery and it is vital that local authorities and regional bodies engage proactively, from an early stage, with the third sector to ensure that the SPF improves people's lives and delivers value for money. This requirement of local authorities and regional bodies needs to be designed in, to ensure it happens
3. The lack of Wales-wide infrastructure for the administration and delivery of the SPF presents a particular challenge in tackling issues such as poverty and inequality in a strategic way. Although issues such as these affect different communities differently,

the lack infrastructure for Wales-wide working risks funding being awarded to ineffective interventions and needless duplication.

4. The UK Government's approach to Levelling Up is explicit in that its approach is based on 'Place', as opposed to 'People'. We are concerned that equality and diversity are not central to the aims of the SPF, and that communities of people who share common barriers to full participation in labour market and society regardless of their geography could be overlooked in a place based approach- for example women, people of colour, disabled people. In order to deliver on the goals of the SPF, it is vital that equality and diversity are central to the planning and awarding of funding since we need to ensure that that the Fund delivers for everyone and does not further entrench long-standing inequalities.

Detailed Response

1. Progress in establishing and delivering replacement funds for EU structural funds, including; the UK Shared Prosperity Fund; the Community Renewal Fund; and the Levelling Up Fund.

- 1.1. Progress in establishing schemes to replace EU structural funds has been slow and piecemeal which has made it challenging for third sector organisations such as ourselves to adopt strategies on future work and sources of funding.
- 1.2. We are concerned that equality and diversity have not been embedded into the UK SPF. The current prospects has a clearer focus on places rather than individuals which risks seeing the needs of disadvantaged and marginalised groups ignored.
- 1.3. Although we welcome the greater clarity of how the SPF will operate, and the funding which will be allocated to Wales, there is still little understanding of where or how third sector organisations can actively participate in the process of allocating funds.
 - 1.3.1. Whilst in receipt of EU funding, it was clear how practitioners and stakeholders engaged with the process of allocating funds. Third sector organisations had a clear input on the assessment of need which would shape the Welsh Government's negotiations with the European Commission and eventual funding streams.
 - 1.3.2. The new regime is not framed in the same way. We know that engaging with and delivering through third sector organisations is vital. Often these organisations are better placed to reach the people that interventions are designed for.
- 1.4. The time it has taken to establish the new funding regime has also presented a challenge in relation to the end of EU-funding. Although some funding streams have been rolled over until 2023, the ending of EU structural funding is imminent and it is not clear when the new UK funding regime will begin. There is a real risk that unless bridging funding can be awarded, major expertise in the design, delivery, management,

and monitoring of externally funded projects will disappear making it harder to ensure that the SPF is value for money.

- 1.5. Although we welcome the UK Government's commitment to reduce administrative commitments and conditionality in respect of the SPF, there has been no indication of what reporting mechanisms will look like in practice. Organisations involved in the administration of the SPF need to know what reporting mechanisms look like as soon as possible in order to meet reporting and due diligence expectations.
- 1.6. Regarding the Community Renewal Fund, we welcome the UK Government's learning from using a competitive bidding process and their decision to allocate the SPF via a formula.
- 1.7. In order to make a success of the new funding regime, there is a need for different layers of government to prepare and work together. Specifically:
 - 1.7.1. The UK Government should speed-up its preparations for the SPF to ensure that the third sector is fully equipped to help support and manage the new funding regime.
 - 1.7.2. In future funding rounds of the SPF, the UK Government must centre equality and diversity in the funding prospectus.
 - 1.7.3. Bodies responsible for agreeing funding awards such as lead authorities, Corporate Joint Committees and the Regional Skills Partnerships should accept the unique contribution of the third sector by proactively engaging with third sector organisations and creating more formal mechanisms for this sort of engagement.
 - 1.7.4. These bodies must also ensure that all projects that they fund have clear equality and diversity goals and support work to tackle persistent and structural inequalities.
 - 1.7.5. Welsh Government should support the rollout of new fund by ensuring that expertise which currently exists within government and WEFO is utilised. This could include secondments to local authorities and CJsCs.

2. How the funding proposed for Wales and funding received via continued UK participation in EU programmes, compares to the funding received while the UK was a member of the EU.

- 2.1. Comparing EU funding with the new UK-based regime is challenging at the present time since, as referenced previously, full details on how the SPF will operate in practice are still unclear.
- 2.2. Despite this challenge, there are two key areas in which comparisons between the two funding regimes can be drawn which are important to our organisation. The role of equality and diversity in determining funding decisions, and the role of the third sector.

- 2.3. First, although the three stated priorities¹ of the SPF present an opportunity to work differently, we are concerned that the fund and Levelling Up as a whole does not adequately engage with equality and diversity.
- 2.3.1. Equality and diversity is not clearly embedded into the purpose of the SPF. On the whole, despite an aim focused on ‘People and Skills’², the aims of the Fund appear to be more focused on places rather than people. Although in and of itself the focus on places is not problematic, there is a risk that some communities who live in those places will be forgotten.
- 2.3.2. The lack of focus on equality and diversity calls into question how well the SPF will deliver equally and equitably for all. It is vital that interventions are designed so that they tackle structural inequalities and work towards ensuring that everyone benefits from any increases in productivity, pay, and improved living standards.
- 2.3.3. The focus on places contrasts with EU structural funding where specific funding streams were set aside for programmes which could be tailored to support skills development, the creation of new businesses and personal development.
- 2.3.4. We are unsure that the Multiply scheme nor the indicative outputs and outcomes provided under the UK Government’s Interventions, Objectives, Outcomes and Outputs – Wales document³ provide the same amount of scope to develop and deliver innovative programmes to tackle structural inequalities.
- 2.4. The apparent lack of equality and diversity in the goals of the SPF can possibly be explained by the second comparison which can be made between EU funding and the SPF - engagement with the third sector.
- 2.4.1. As highlighted previously in this response, there has been little substantive engagement with the third sector in Wales by UK Government about how programmes should be prioritised and what need is present in the community.
- 2.4.2. We know that there is a lot of expertise and experience in the third sector in Wales in both design and delivery of programmes to reach underrepresented groups. Without the input of third sector organisations from the beginning of the process, as was the case with EU funding, there is a real risk that funding will not reach the communities and individuals who would benefit from it most.

3. The mechanisms and structures being established to administer those funds in Wales, the roles of those involved, in particular the Welsh and UK Governments, and the consequent impact on accountability arrangements.

¹ UK Government, 2022 *UK Shared Prosperity Fund: prospectus* <https://www.gov.uk/government/publications/uk-shared-prosperity-fund-prospectus/uk-shared-prosperity-fund-prospectus> Accessed: 14 April 2022

² *ibid*

³ UK Government, 2022 *UK Shared Prosperity Fund: In Interventions, Objectives, Outcomes and Outputs – Wales* https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1068877/UKS_PF_Wales_outputs_and_outcomes.pdf Accessed: 14 April 2022

- 3.1. The proposed structures for allocating funds is a major departure from the way EU funding was managed for an organisation such as our own.
- 3.2. We have multiple years of experience delivering projects at scale, working with Welsh Government and WEFO. Although these projects have been delivered in all of Wales' 22 local authorities, we have not previously had to work directly with local authorities in order to deliver these projects.
- 3.3. Although we are pleased to see that the proposed delivery geographies⁴ for Wales align with upcoming infrastructure in respect of Corporate Joint Committees (CJCs), it is not clear how commitments around the administration of the SPF will work in practice.
- 3.4. The focus on regions with local authorities being grouped together presents a real challenge for working at scale. It is currently unclear how pan-Wales projects will be funded and administered since no Wales-wide infrastructure or body is proposed for administering the SPF.
- 3.5. The lack of a Wales-wide structure also presents a specific challenge to third sector organisations from a capacity point of view. Many organisations who have been in receipt of EU funding will now have to engage with multiple different bodies in order to receive and report on funding received from the SPF. It is highly likely that many smaller third sector organisations will struggle to engage with this new process.
- 3.6. To deliver on both the SPF and broader Levelling Up commitments, it is important that local authorities and regional bodies commit to actively engaging with the third sector, and funding activity that supports this to happen in a timely fashion, which recognises the limited capacity of many smaller third sector organisation.
- 3.7. In the administration and management of the SPF, the lead local authority within a region will be gaining a number of bureaucratic functions. There is limited information provided⁵ on how local authorities will be supported to take on these new functions. There will be a clear need to have a larger and skilled workforce to administer the SPF.
- 3.8. We recognise the opportunities that geographical based interventions can have, however, we must also recognise the experiences of underrepresented groups and those who share characteristics and experiences. This includes for example women, ethnic minorities, disabled people and other protected characteristics.
- 3.9. Place-based interventions as proposed by the SPF are likely to have a limited impact on tackling persistent, national issues such as the gender pay gap, inequalities in employment and poverty. The failure to embed equality and diversity effectively into the purposes of the SPF exacerbates the risk of these groups being overlooked as projects are designed and implemented.
- 3.10. To ensure that the new governance structures of the SPF function in a way that works for Wales:

⁴ UK Government, 2022 *Delivery geographies* <https://www.gov.uk/government/publications/uk-shared-prosperity-fund-prospectus/delivery-geographies> Accessed: 14 April 2022

⁵ UK Government, 2022 *UK Shared Prosperity Fund: prospectus* <https://www.gov.uk/government/publications/uk-shared-prosperity-fund-prospectus/uk-shared-prosperity-fund-prospectus> Accessed: 14 April 2022

3.10.1. Local authorities and regional bodies must commit to engaging actively with the third sector.

3.10.2. Lead local authorities in Wales should be supported in their new SPF-related functions. There is a lot of experience and expertise in bodies such as WEFO and this should be utilised to make a success of the SPF

4. The amount of legacy funding that Wales is due to receive following the UK’s exit from the EU and associated with EU structural fund programmes.

4.1. While the UK was a member of the European Union, Wales was a net beneficiary of EU funding. This funding was based on a clearly identified need.

4.2. Analysis to date suggests that Wales will be receiving less than under the previous funding regime, and while the promised investment is of course welcome, we would like to see prior commitments met, which outlined that Wales would not receive less money than under EU-funding.

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Who are we?

Our vision is for a fairer Wales where all women can achieve and prosper. Our mission is to inspire, lead and deliver gender equality in Wales.

Chwarae Teg is committed to a Wales where all women are represented, empowered and able to prosper at all levels in the economy and public life regardless of their background or social status.

Chwarae Teg is registered charity. Charity number: 1084466 – FAIRPLAY (Workforce) Ltd.

