

Farmers' Union of Wales response to a Senedd Economy, Trade and Rural Affairs Committee Inquiry into Post-EU regional development funding

21st April 2023

Background

1. The Farmers' Union of Wales (FUW) was established in 1955 to exclusively represent the interests of farmers in Wales. Since 1978 the union has been formally recognised by UK Governments, and subsequently by Welsh Governments, as independently representing those interests.
2. The FUW's Vision is *thriving, sustainable, family farms in Wales*, while the Mission of the Union is *To advance and protect Wales' family farms, both nationally and individually, in order to fulfil the Union's vision*.
3. The FUW Group has well over 100 members of staff based in thirteen offices around Wales providing a broad range of services for members.
4. The FUW is a democratic organisation, with policies being formulated following consultation with its twelve County Executive Committees and eleven Standing Committees.
5. The FUW has previously raised significant concerns to the Committee in relation to the UK Government's use of disingenuous accounting methods to calculate replacement funds for Wales' Common Agricultural Policy (CAP) replacement funding, and in so doing reducing Wales' CAP budget by around £248 million by 2025.
6. While the allocation and administration of post-EU regional development funding is of less direct relevance to agriculture than post-EU funding for agriculture and rural development (CAP funding), it is nevertheless of importance in the broader context of the economy, structure, and social and cultural wellbeing of rural and other communities within which agricultural businesses operate.
7. As an organisation that sits on the Programme Monitoring Board and meets regularly with a broad range of bodies more directly impacted by changes to regional development funding, the FUW shares numerous concerns regarding the administration of, and performance and outcomes under the previous EU structural funding programmes - as well as the impacts of the replacement programmes.
8. These include the acute lack of a smooth transition between the administration of EU and post-EU regional development funding, including in relation to the timing and ambiguity of UK Government announcements and associated timescales; the pressure and uncertainty this has created for bodies already under significant pressures; and the

apparent gaps in terms of funding availability for areas of work previously included under EU programmes.

9. This would appear to be the product of a failure by the UK Government to plan coherently for a transition following careful consultation with interested parties, despite it being clear that such planning was necessary from at least January 2017, when the then Prime Minister announced that the UK Government would pursue a hard Brexit.
10. In this context, we would highlight the following from the FUW's response to the Welsh Government's 2018 *Regional Investment in Wales after Brexit* paper:

"...it is important that those elements of existing approaches which work well are not lost, and that we seek to develop and improve what is already in place, as opposed to rapidly introducing new and disruptive approaches. Major changes would also result in the loss of or disruption to established systems of administration, causing unnecessary additional costs. As such, we believe there must be a safe transition over an appropriate timescale during which we should seek to evolve and improve upon what is already in place."

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

11. As already highlighted, the FUW would not normally deal directly with structural funding issues, but does have concerns in relation to the degree of benefits delivered by some schemes, and whether alternative approaches within the EU rules would have brought greater economic benefits and reduced inequality within Wales, particularly for rural communities.
12. Notwithstanding this, the FUW appreciates the limitations placed on spending by EU requirements.
13. While some areas of flexibility introduced under post-EU arrangements are naturally welcome, the apparent lack of the type of framework present under previous programmes, including monitoring and evaluation mechanisms, may make the assessment of the effectiveness of funding under the post-EU programmes more difficult than was previously the case.

How will the funding that Wales receives from the Shared Prosperity Fund and the tail-off of remaining EU Structural Funds compare to the level of funding that Wales received through Structural Funds while the UK was a member of the EU and any potential funding that could have been received through the next Structural Funds programme?

14. As has already been highlighted, Wales' CAP replacement funds will by 2025 be around £248 less than would otherwise have been the case, and there has clearly been concern that domestic structural funding would also be cut compared with what it would otherwise have been.

15. The Welsh Government estimated in 2022 that there would be a £772m shortfall in EU structural funds by 2025, suggesting such concerns were valid.
16. As already highlighted to the Committee in previous detailed submissions and correspondence, the UK Government disingenuously included unspent funding in calculating post 2019 allocations of Wales' CAP replacement funding, resulting in a far lower allocation than would have been the case had the UK remained in the EU - and it is our understanding from those dealing more directly with structural funds that the same disingenuous approach has been used to reduce replacement allocations for structural funding.

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

17. While other bodies are better qualified to answer this question in detail, as already highlighted the strict rules of the EU programmes presented a significant challenge that in some contexts the new programmes may have avoided (notwithstanding the concerns regarding monitoring and evaluation already highlighted).
18. However, the move away from the EU's multiannual (seven year) financial framework represents a major obstacle under the post-EU arrangements, as does the significantly reduced timescales inherent to the loss of such a multi-annual framework.

To what extent are the funds successfully identifying and supporting the communities and areas of Wales that are in greatest need? How does the geographical spread of the Shared Prosperity Fund and Levelling Up Fund compare to Structural Funds?

19. While the principle of needs-based allocation is supported by the FUW, longstanding concerns exist regarding how the implementation of this reflected genuine needs for certain rural communities and areas. For example, the FUW stated in its 2018 response to the Welsh Government's *Regional Investment in Wales after Brexit* paper:

"The map of Less and More Developed Areas shown on page 10 of the policy document highlights the fact that Wales' counties often cover areas which are far too large to be used to objectively assess regional investment needs; for example, Powys extends from North Wales to the valleys, is some 130 miles in length and comprises a diverse range of urban and rural communities with varied economic needs.

"It is also notable that other measures of regional needs, such as the percentage of jobs that are paid less than the applicable Living Wage Foundation living wage, do not correspond directly to the map of Developed Areas used to direct regional investment.

"As such, we believe a better model for assessing geographic needs at a more local level should be developed, taking into account a range of measurements and the differing needs and economies of rural and urban areas."

20. In this context, it is concerning that Levelling Up funding has been allocated on a competitive bids basis, and the FUW would highlight particular concerns regarding how rural development is delivered equitably and meaningfully under new programmes run by different Governments; how new programmes interact when effectively run by different Governments; and how these are assessed and monitored in order to minimise wastage and maladministration and inform future spending and scheme design.

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

21. Other bodies are better qualified to answer this question in detail. However, as highlighted above, the post-EU programmes have not been drawn up following careful consultation with interested parties and consideration of differing needs in different areas. As such, they effectively have priorities dictated by the UK Government which may exclude certain valuable activities that would benefit parts of rural Wales.

How helpful are the processes and timescales set by the UK Government for the funds in supporting local authorities and regions to achieve their intended outcomes?

22. Please see the above comments relating to timescales. The FUW has no comments in relation to the processes.

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

23. The FUW has no knowledge of how well or not the different levels of governance in Wales are working in relation to these funds.
24. However, while the FUW may object to Welsh Government policies or strategies at times or relating to certain areas, the circumvention of the Welsh Government or failure by the UK and Welsh Governments to work together regarding areas that fall within devolved areas of governance may undermine the value of the funds and prevent them from complementing interventions which are directed by devolved bodies or government.

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

25. Other bodies are better qualified to respond to this question.