ColegauCymru
CollegesWales

ColegauCymru 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. ColegauCymru 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] ColegauCymru, '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. ColegauCymru 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.

Rachel Cable
Cyfarwyddwr Polisi a Materion Cyhoeddus | Director of Policy and Public Affairs
Rachel.Cable@colegaucymru.ac.uk
Elusen Cofrestredig | Registered Charity: 1060182 Cwmni Cofrestredig | Registered Company: 283210

Jamie Adair
Cynorthwyydd Polisi a Materion Cyhoeddus| Policy and Public Affairs Assistant
Jamie.adair@colegaucymru.ac.uk
Elusen Cofrestredig | Registered Charity: 1060182 Cwmni Cofrestredig | Registered Company: 283210

ColegauCymru
April 2023