

Agenda – Economy, Trade, and Rural Affairs Committee

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| Meeting Venue: | For further information contact: |
| Hybrid – Committee room 5 Ty Hywel and video Conference via Zoom | Robert Donovan Committee Clerk |
| Meeting date: 4 May 2023 | 0300 200 6565 |
| Meeting time: 09.30 | SeneddEconomy@senedd.wales |

Private pre-meeting (09.15–09.30)

Public Meeting (09.30–11.45)

1 Introductions, apologies, substitutions and declarations of interest

(09.30)

2 Papers to note

(09.30)

2.1 Letter from the Chair of the Finance Committee to Committee Chairs

(Pages 1 – 2)

Attached Documents:

Scrutiny of the Draft Budget 2023–24: Evidence provided by the Welsh
Government

2.2 Letter from the Minister for Rural Affairs and North Wales, and Trefnydd

(Pages 3 – 4)

Attached Documents:

Food (Wales) Bill: Follow up to evidence session on 1 March



2.3 Letter from the Minister for Levelling Up

(Pages 5 – 6)

Attached Documents:

Post-EU Funding

Letter from the Chair to the Secretary of State for Levelling Up, Housing and Communities, and Minister for Intergovernmental Relations

2.4 Letter from the Chair to the Minister for Rural Affairs and North Wales, and Trefnydd

(Pages 7 – 8)

Attached Documents:

Organics regulations

2.5 Letter from the Minister for Rural Affairs and North Wales, and Trefnydd to the Chair of the Legislation, Justice and Constitution Committee

(Pages 9 – 11)

Attached Documents:

Meeting of the Inter-Ministerial Group for Environment, Food and Rural Affairs – 6 March 2023

2.6 Letter from the Minister for Economy and the Minister for Rural Affairs and North Wales, and Trefnydd

(Pages 12 – 18)

Attached Documents:

Retained EU Law (Revocation and Reform) Bill

Letter from the Chair to the Minister for Economy and Minister for Rural Affairs and North Wales, and Trefnydd – 8 February

2.7 Letter from the Chair to the Llywydd, and Chair of the Business Committee

(Page 19)

Attached Documents:

Economic Crime and Corporate Transparency Bill

2.8 Letter from the Chair to the Minister for Economy

(Pages 20 – 21)

Attached Documents:

UK-Ukraine Free Trade & Strategic Partnership Agreement – 28 March 2023

Welsh Government's response – 21 April 2022

2.9 Letter from the Development Bank of Wales

(Pages 22 – 23)

Attached Documents:

Follow up to the Annual Scrutiny session on 1 March – Carbon Offsetting Scheme

2.10 Letter from the Minister for Economy

(Page 24)

Attached Documents:

Border Controls

2.11 Letter from the Minister for Economy and the Minister for Rural Affairs and North Wales, and Trefnydd

(Pages 25 – 41)

Attached Documents:

Welsh Government's response to the Committee's report – Scrutiny of the Welsh Government's Draft Budget 2023/24

**2.12 Letter from the Minister for Economy to Confederation of Business Industry
(CBI) Wales Director**

(Pages 42 – 44)

Attached Documents:

Reported allegations of misconduct at the CBI

2.13 Letter from the Chair of the Finance Committee

(Pages 45 – 47)

Attached Documents:

Welsh Government Draft Budget 2024–25: Engagement

**2.14 Letter from the Minister for Rural Affairs and North Wales, and Trefnydd to
the Chair of the Finance Committee**

(Pages 48 – 49)

Attached Documents:

Cost of implementing the Food (Wales) Bill

3 Post-EU regional development funding: Academics and think tanks

(09.30–10.30)

(Pages 50 – 112)

Professor Steve Fothergill, Centre for Regional Economic and Social Research,
Sheffield Hallam University

Adam Hawksbee, Deputy Director, Onward

Joe Rossiter, Policy and External Affairs Manager, Institute of Welsh Affairs

Attached Documents:

Evidence paper – Professor Steve Fothergill

Evidence paper – Onward

Evidence paper – Institute of Welsh Affairs

Research brief

Break (10.30–10.40)

4 Post-EU regional development funding: Local Authorities

(10.40–11.40)

(Pages 113 – 118)

Councillor James Gibson-Watt, Leader of Powys County Council

Councillor Mark Norris, Cabinet Member for Development and Prosperity,
Rhondda Cynon Taf County Borough Council

Councillor Dyfrig Siencyn, Leader of Cyngor Gwynedd

Councillor Rob Stewart, Leader of Swansea Council

Attached Documents:

Evidence paper – Rhondda Cynon Taf County Borough Council

5 Food (Wales) Bill: Stage 1 report

(11.40–11.45)

6 Motion under Standing Order 17.42(ix) to resolve to exclude the public from the remainder of the meeting

(11.45)

Private (11.45–12.10)

7 Consideration of evidence following the meeting

(11.45–12.00)

8 Options for Committee visit

(12.00–12.10)

Chair, Children, Young People, and Education Committee
Chair, Climate Change, Environment, and Infrastructure Committee
Chair, Culture, Communications, Welsh Language, Sport, and International Relations Committee
Chair, Economy, Trade, and Rural Affairs Committee
Chair, Equality and Social Justice Committee
Chair, Health and Social Care Committee
Chair, Legislation, Justice and Constitution Committee
Chair, Local Government and Housing Committee

8 March 2023

Dear Committee Chairs,

Scrutiny of the Draft Budget 2023-24: Evidence provided by the Welsh Government

In our [report](#) on the scrutiny of the [Welsh Government Draft Budget 2023-24](#), we made several recommendations relating to budget presentation improvements. We also agreed to consult Committees on the documentation provided by the Welsh Government alongside its Draft Budget proposals, concluding that:

"Conclusion 1. We welcome the Minister's willingness to consider ways in which budget documentation can be improved. While we have reflected our views above, the Committee has decided to consult Senedd committees on their experiences of scrutinising this year's budget documentation and ways in which improvements can be made."

As a result, in reflecting on this year's budget scrutiny experience and in seeking improvements to the budget documentation provided by the Welsh Government at the 2024-25 Draft Budget and beyond, I would be grateful for the views of your committee in response to the following question:

What improvements would you like to see in the Welsh Government's Draft Budget documentation and subsequent ministerial written evidence?

Please make reference to the timeliness, quality and usefulness of any documentation and/or evidence received in your response.

We would appreciate responses by **Friday 28 April 2023**. Your views will then be collated and fed back to the Minister for Finance and Local Government, for her consideration in advance of the Budget Priorities 2024-25 Plenary debate that will be led by the Finance Committee and take place before summer recess.

Yours sincerely,



Peredur Owen Griffiths MS
Chair, Finance Committee

Croesewir gohebiaeth yn Gymraeg neu Saesneg.

We welcome correspondence in Welsh or English.



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

Darren Miller, MS,
Chair
Economy, Trade, and Rural Affairs Committee
Welsh Parliament,
Cardiff,
CF99 1SN
email: darren.millar@senedd.wales

16 March 2023

Dear Darren

Thank you for the opportunity to appear before the Economy Trade and Rural Affairs committee on 1 March to give evidence with regard to the Food (Wales) Bill.

We had a useful discussion about policy join-up and I thought it would help the committee to offer some further evidence about questions of policy join-up outside my portfolio which arose during the session.

The first example referred to '*...the planning system which allows for fast food restaurants outside our schools*'. There is indeed a need to address the proximity of fast food restaurants to schools and so I draw your attention to work which Welsh Government is doing in this matter and in particular to [Healthy Weight Healthy Wales](#) which includes the explicit commitment to place limits on the establishment of hot food takeaways around schools (see page 11).

You also referred to '*... the NHS having vending machines with unhealthy items in them in our hospitals*'. Again, the [Healthy Weight Healthy Wales](#) strategy (pp 17-18) targets increasing the proportion and appeal of healthier food and drink options in vending machines so they become the norm. By 2030 it sets the specific goal of all food and drink provision for patients, staff and visitors adhering to strict healthy criteria, including within canteens, vending and retail outlets on NHS sites.

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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.

The third example of perceived policy not being joined up was raised by Luke Fletcher MS on the matter of Big Bocs Bwyd (BBB) setting up in Bridgend. He stated that *'Big Bocs Bwyd was competing with a lot of these community organisations already for the same load of food, and what we saw then were shortages of food—difficulties in those community organisations in getting that food.'* Mr. Fletcher argued that a National Food Strategy could address this issue.

The Welsh Government acknowledges the introduction of the Bridgend BBB allegedly resulted in difficulties for other community organisations sourcing surplus food. Drawing from this experience we have recently funded a Food Partnership in Bridgend. Through this partnership Bridgend County Borough Council (BCBC) and Bridgend Association of Voluntary Organisations (BAVO) are currently developing a comprehensive work plan for a new coordinator post which will bring local co-ordination of food initiatives through:

- identifying and establishing connections between food growing in the county
- identifying opportunities to secure additional supplies of good food surplus
- mapping other activity such as allotments and linking food projects.

I hope this letter clarifies these issues for the committee.

Regards

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



Department for Levelling Up,
Housing & Communities

Agenda Item 2.3

Dehenna Davison MP
Minister for Levelling Up
2 Marsham Street
London
SW1P 4DF

Darren Millar MS
Chair, Economy, Trade, and Rural Affairs
Committee

By email

17th March 2023

Dear Darren,

Thank you for your letter of 2nd March to the Secretary of State regarding your work on post EU funding arrangements in Wales. I am responding on his behalf as the Minister for Levelling Up.

Firstly, I thank the Committee for their work and commitment to scrutinise these very important matters.

While I am regrettably unable to appear before the Committee to give evidence, I would, however, be delighted to provide written evidence to the Committee to assist your work in this area.

Thank you again for writing.

With every good wish,

DEHENNA DAVISON MP

The Rt Hon Michael Gove MP
Secretary of State for Levelling Up, Housing
and Communities, and Minister for
Intergovernmental Relations

2 March 2023

Dear Michael,

The Senedd's Economy, Trade and Rural Affairs Committee has agreed to undertake an Inquiry into post EU funding arrangements in Wales. This will build on the work previously undertaken by the Senedd's Finance Committee and focus on the areas of funding that fall within our remit including skills and research and development. The Committee intends to invite academics, think tanks, local authorities, previous EU funding beneficiaries and the UK and Welsh Governments to give evidence.

As the replacement of EU funding has proved to be a controversial issue – with the Welsh and UK Governments disagreeing on the impact – Members are very keen to take evidence from the UK Government as part of this Inquiry. Whilst Members are still discussing the specific details of the Inquiry, as I understand how busy Ministerial diaries are I wanted to write and invite you to a session on 17 May. I will be able to provide further details of the Inquiry once they are agreed by the Committee.

Kind regards,



Darren Millar MS

Temporary Chair of the Economy, Trade and Rural Affairs Committee

Croesewir gohebiaeth yn Gymraeg neu Saesneg.

We welcome correspondence in Welsh or English.



Lesley Griffiths MS
Minister for Rural Affairs and North Wales, and
Trefnydd

23 March 2023

Dear Lesley,

Organics regulations

During the Economy, Trade and Rural Affairs Committee's meeting on Thursday 16 March 2023, you told the Committee that the UK is due to review organic regulation and is working to the EU's December 2023 deadline (after which the EU's recognition of the UK as equivalent for the purpose of exporting organic products to the EU is expected to end). However, you also stated that due to the complexities of the legislation, it was "highly unlikely" that new regulations would be introduced by the end of 2023.

I would like to raise a few follow up points:

- What would be the implications of missing the 2023 deadline?
- Is there a risk that Wales/UK could lose its organic equivalence recognition with the EU?
- What is the scale of the issue i.e. how many organic producers in Wales export to the EU?

I look forward to your response.

Kind regards,



Darren Millar MS
Temporary Chair: Economy, Trade and Rural Affairs Committee

Croesewir gohebiaeth yn Gymraeg neu Saesneg.

We welcome correspondence in Welsh or English.



Huw Irranca-Davies MS

Chair

Legislation, Justice and Constitution Committee

Huw.Irranca-Davies@senedd.wales

23rd March 2023

Dear Huw,

In accordance with the inter-institutional relations agreement, I wish to inform you a meeting of the Inter-Ministerial Group for Environment, Food and Rural Affairs was held on 6 March 2023.

I chaired the meeting, which was also attended by: Mairi Gougeon MSP, Cabinet Secretary for Rural Affairs and the Islands, Scottish Government; Lorna Slater MSP, Minister for Green Skills, Circular Economy, and Biodiversity from Scottish Government; Rebecca Pow MP, Minister for Environmental Quality and Resilience, Mark Spencer MP, Minister for Food, Farming and Fisheries, James Davies MP, Parliamentary Under-Secretary of State for Wales, John Lamont MP, Parliamentary Under-Secretary of State to the Scotland Office, Steve Baker MP, Minister of State at the Northern Ireland Office from UK Government; and Katrina Godfrey, Permanent Secretary, DAERA in the absence of Northern Ireland ministers.

The meeting opened with a discussion on the Retained EU Law (REUL) Bill which is currently at Committee Stage in the House of Lords. Each Government provided updates on their respective approaches to identify and categorise REUL, commending the positive engagement between the administrations in this area. They also discussed the Parliamentary legislative programmes necessary to retain, repeal or reform individual items of legislation.

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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.

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

The Scottish Government then gave an update on the progress of their Deposit Return Schemes and a discussion was held on Scottish Government's request for an exclusion from the UK Internal Market Act.

I then raised the current food shortages and food security, highlighting the need for collaboration on this cross-UK issue. We discussed the ongoing cumulative effects of issues such as the war in Ukraine, labour shortages and how climate change is having an impact on food supply. We agreed to discuss this item further at the April IMG.

Finally, the Scottish Government and I raised the lack of progress on various animal welfare legislation and requested an update in writing.

The next meeting will be held on Monday 17 April.

A communique regarding this meeting will be published on the UK Government website at <https://www.gov.uk/government/publications/communique-from-the-inter-ministerial-group-for-environment-food-and-rural-affairs>.

I am copying this letter to the Climate Change, Environment, and Infrastructure Committee and to the Economy, Trade and Rural Affairs Committee.

Regards,

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

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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

Ein cyf/Our ref VG/0093/23

Paul Davies MS

Chair, Economy, Trade and Rural Affairs Committee

SeneddEconomy@senedd.wales

27th March 2023

Dear Paul,

Thank you for your letter of 8 February and for the Committee's continued focus on the implications of the Retained EU Law (Revocation and Reform) Bill.

Before answering the detailed points you have set out, it may be helpful to set out the challenging context in which the Welsh Government is operating in relation to the Bill, as the Counsel General and Minister for the Constitution explained in his letter of 19 January to the Chair of the LJC Committee.

Firstly, the Welsh Government fundamentally opposes the whole intent of the Bill. In general, our position is that retained EU law, like EU law before it, works well. Consequently, beyond gradually amending the law as appropriate with evidence-gathering, public consultation, and legislative scrutiny in the normal way, over time as with any body of law, we had no intention to repeal, revoke or amend REUL to an arbitrary deadline on ideological grounds. However, simply to propose legislation such as this that, by default, would repeal essential economic, social and environmental protections, is unacceptable and irresponsible. This is especially true because of the use of valuable time by Governments and legislatures when a good deal of this work will be merely to maintain in law those essential provisions the Bill would otherwise automatically remove. This nugatory work has no demonstrable benefit to anyone and is a regrettable use of finite resource in both the Welsh Government and the UK Government, caused by the decisions made by UK Government Ministers.

Secondly, the Bill is essentially an enabling Bill and its full implications will be influenced by policy choices of UK Government Ministers about which pieces of legislation should be retained, amended, or left to sunset. Unless, and until that detailed information is provided, we are all working in a very uncertain situation, with the obvious attendant difficulties that causes both for the Welsh Government, and for your Committee in a scrutiny role. I hope we can continue to engage collaboratively in dealing with this Bill in these regrettable circumstances, recognising our distinctive institutional roles, but also common interests in relation to the integrity of the devolution settlement.

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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.

The answers to your questions (in italics) are set out below.

...please can you provide the Committee with:

- ***Your views on the impact of the Bill on the sectors above and any other areas you think the Committee may be interested in;***

As indicated above, the impact on all sectors depends primarily on the decisions UK Ministers take to preserve existing REUL provisions or not. This impact would be enormously negative, in the most extreme case, if all existing REUL were allowed to come to an end in December 2023. However, we await detailed information from the UK Government about its intentions.

- ***A list of relevant Retained EU Law (REUL) made by Welsh Ministers within your remit;***

We are developing a list of REUL made in Wales and will provide this when we are in a position to do so.

- ***Your plans to use the Bill's powers in relation to standards within this Committee's remit, such as animal welfare;***

As explained above, retained EU law generally works well. We wish to see existing standards maintained in all areas within our remit, including animal welfare, and have no plans to use any such powers to alter standards.

- ***Information on what discussions you have had with other governments in the UK about the impact of the Bill on matters within the Committee's remit and whether/how any changes to relevant REUL might be coordinated, if the Bill is passed***

The Welsh Government has made very clear, at Ministerial level and on a number of occasions, our fundamental concerns about the nature and timing of the Bill. We are also in regular dialogue with the UK Government, Scottish Government and the Northern Ireland Civil Service at official level. We have made clear to the UK Government in these discussions, there is significant benefit in advance information sharing about its intentions, and substantive co-operation on proposals regarding REUL.

- ***Details of any impact on the Welsh Government's legislative plans where related to the Committee's remit;***

We will continue to share information about the Bill as it becomes available. We are open to having preliminary discussions, in confidence, about potential implications for business in the Senedd.

- ***Your views on how the Bill might interact with post-Brexit international trade agreements;***

Again, the best answer to this will depend on what pieces of REUL the UK Government decides to revoke, or allow to sunset, or reform. In general, we do not expect there will be a significant impact in this area, but we cannot yet be certain. We expect the UK Government not to remove pieces of REUL that are fundamental to its obligations under any FTAs, or under the EU-UK TCA.

▪ ***Your views on the Bill's potential impact on intra-UK trade, including its operation alongside the Internal Market Act 2020;***

As above, the Bill does not in itself, necessarily have any direct impact on intra-UK trade. Any impact will depend upon which pieces of REUL are ended or altered. We do not accept that the UK Internal Market Act fetters in any way the right of the Senedd to legislate on matters within its competence.

▪ ***Your views on how the Bill might interact with common frameworks within the remit of this Committee.***

Once again, it is too early to determine this impact. There are policy areas where the existence of common frameworks should assist with the issues and decisions involving any substantive changes to pieces of REUL.

Food and drink:

• ***Food safety – The Food Standards Agency (FSA) state they are responsible for over 150 pieces of REUL on food safety in England and Wales, plus 39 additional pieces in Wales, where it has wider responsibilities. The FSA states “we are clear that we cannot simply sunset the laws on food safety and authenticity without a decline in UK food standards and a significant risk to public health.”***

We agree. It remains to be seen how the UK Government intends to proceed in this area.

• ***Divergence – the Food and Drink Federation state “this has the potential to drive through significant divergence if changes are not aligned on a UK basis and this would then put additional burdens on Welsh businesses, particularly smaller enterprises”.***

We believe the UK Government needs to engage fully with Devolved Governments to consider all the issues for industry of any proposed change in standards, and to consider how this can best be managed within the devolution settlements. As outlined above, in general, we believe retained EU law works well. We await clear information from the UK Government on what relevant pieces of REUL it wishes to alter that would impact on the food and drink sector.

Farming:

• ***Farming standards - NFU Cymru have said that governments “may find themselves fighting hasty rear-guard actions to close legislative gaps which have opened up. Such scenarios will be damaging for business and consumer confidence and certainty”. They warn high standards must be properly rewarded from the marketplace, otherwise Welsh producers will simply be placed at a competitive disadvantage. They urge the Welsh Government to work with other governments to advocate high standards and resist a race to the bottom.***

We believe the UK Government needs to engage fully with Devolved Governments to consider all the issues for industry of any proposed change in standards and to consider how this can best be managed within the devolution settlements. In general, we believe retained EU law works well. We await clear information from the UK Government on what relevant pieces of REUL it wishes to alter that would impact on farming.

Animal Welfare:

• ***The RSPCA say that REUL contains “some of the most totemic and important changes in animal welfare” and are worried that standards could be at risk. They are also concerned about changes or the removal of reserved laws on Wales, such as bans on the veterinary use of hormones and prohibitions on imports of wild animals and seal products, and the use of animals in research.***

The Bill has the potential to remove vital pieces of REUL that are the basis for important aspects of animal welfare. Once again, it remains to be seen what the UK Government proposes to do in practice in this field. We share the RSPCA’s concerns about potential changes to, or removal of, pieces of reserved REUL affecting those areas. We have asked the UK Government, as a general rule, to ensure that it involves Devolved Governments in its work on reserved REUL that could impact on devolved areas.

Yours sincerely,



Vaughan Gething AS/MS
Gweinidog yr Economi
Minister for Economy



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

Lesley Griffiths

Minister for Rural Affairs and North Wales, and Trefnydd

Vaughan Gething

Minister for Economy

8 February 2023

Dear Lesley and Vaughan,

Retained EU Law (Revocation and Reform) Bill

On 25 January the Committee discussed the Retained EU Law (Revocation and Reform) Bill and its associated legislative consent motions. Members are very concerned about the potential impact of the Bill on Wales in the areas covered by our remit. As such we resolved to write to you and find out more information about the Welsh Government's assessment of the Bill's impact on the following sectors: Wales' economy, trade, skills, the agriculture, fisheries and food and drink sectors and animal welfare standards. We'd also be very grateful if you could confirm what work is being done to prepare for the Bill.

Therefore, please can you provide the Committee with:

- Your views on the impact of the Bill on the sectors above and any other areas you think the Committee may be interested in;
- A list of relevant Retained EU Law (REUL) made by Welsh Ministers within your remits;
- Your plans to use the Bill's powers in relation to standards within this Committee's remit, such as animal welfare;
- Information on what discussions you have had with other governments in the UK about the impact of the Bill on matters within the Committee's remit and whether/how any changes to relevant REUL might be coordinated, if the Bill is passed;

- Details of any impact on the Welsh Government’s legislative plans where related to the Committee’s remit;
- Your views on how the Bill might interact with post-Brexit international trade agreements;
- Your views on the Bill’s potential impact on intra-UK trade, including its operation alongside the Internal Market Act 2020; and
- Your views on how the Bill might interact with common frameworks within the remit of this Committee.

Legislation, Justice and Constitution Committee undertook a [call for evidence](#) following the Bill’s introduction. Members discussed the evidence provided to this consultation that was relevant to our remit. As well as providing the detail requested above please will you respond to the points outlined below which have been raised by stakeholders in their submissions to the LJC consultation.

Food and drink:

- Food safety – The Food Standards Agency (FSA) state they are responsible for over 150 pieces of REUL on food safety in England and Wales, plus 39 additional pieces in Wales, where it has wider responsibilities. The FSA states “we are clear that we cannot simply sunset the laws on food safety and authenticity without a decline in UK food standards and a significant risk to public health.”
- Divergence – the Food and Drink Federation state “this has the potential to drive through significant divergence if changes are not aligned on a UK basis and this would then put additional burdens on Welsh businesses, particularly smaller enterprises”.

Farming:

- Farming standards - NFU Cymru have said that governments “may find themselves fighting hasty rear-guard actions to close legislative gaps which have opened up. Such scenarios will be damaging for business and consumer confidence and certainty”. They warn high standards must be properly rewarded from the marketplace, otherwise Welsh producers will simply be placed at a competitive disadvantage. They urge the Welsh Government to work with other governments to advocate high standards and resist a race to the bottom.

Animal Welfare:

- The RSPCA say that RUELE contains “some of the most totemic and important changes in animal welfare” and are worried that standards could be at risk. They are also concerned about changes or the removal of reserved laws on Wales, such as bans on the veterinary use of hormones and prohibitions on imports of wild animals and seal products, and the use of animals in research.

I have copied this letter to Huw Irranca-Davies MS in his capacity as Chair of the Legislation, Justice and Constitution Committee.

Yours sincerely

A handwritten signature in black ink that reads "Paul Davies". The signature is written in a cursive style with a large initial 'P' and 'D'.

Paul Davies MS

Chair: Economy, Trade and Rural Affairs Committee

Croesewir gohebiaeth yn Gymraeg neu Saesneg | We welcome correspondence in Welsh or English.



Rt. Hon. Elin Jones MS
Llywydd, and Chair of the Business Committee

28 March 2023

Dear Llywydd,

Economic Crime and Corporate Transparency Bill

At our meeting on 23 March Members discussed the second supplementary LCM on the Economic Crime and Corporate Transparency Bill which was referred to the Committee on 14 March. As the amendments set out in the LCM do not make any fundamental changes to the intent of the Bill Members do not feel the need to lay an additional report. However the Committee would like to take this opportunity to put on the record its support for the UK and Welsh Government using this Bill to continue their support for Ukraine and the Ukrainian people.

As the SLCM has also been referred to Legislation, Justice and Constitution Committee I have copied this letter to Huw Irranca-Davies MS for his information.

Kind regards,



Darren Millar MS
Temporary Chair: Economy, Trade and Rural Affairs Committee

Croesewir gohebiaeth yn Gymraeg neu Saesneg.

We welcome correspondence in Welsh or English.

**Economy, Trade, and
Rural Affairs Committee**

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Vaughan Gething MS
Minister for Economy

28 March 2023

Dear Vaughan,

UK-Ukraine Free Trade & Strategic Partnership Agreement

On 23 February, the UK Government laid an exchange of letters between the UK and Ukraine agreeing amendments to their Free Trade and Strategic Partnership Agreement ("the Agreement"). The letters are referred to as 'Agreement No.1'.

On 16 March, the Committee discussed the agreement and agreed to write to Welsh Government for information on the following:

- The Welsh Government's view on the Agreement.
- The Welsh Government's assessment of the likely impact on Wales-Ukraine trade.

I look forward to your response.

Kind regards,



Darren Millar MS
Temporary Chair: Economy, Trade and Rural Affairs Committee

Croesewir gohebiaeth yn Gymraeg neu Saesneg.

We welcome correspondence in Welsh or English.





Darren Millar MS
Temporary Chair
Economy, Trade, and Rural Affairs Committee
SeneddEconomy@senedd.wales

21 April 2023

Dear Darren,

Thank you for your letter of 28 March asking for the Welsh Governments views and assessment of the impact on Wales of the UK-Ukraine Free Trade & Strategic Partnership Agreement following the exchange of letters on the 23 February.

While the Welsh Government is usually involved as trade negotiations develop, due to the nature of this agreement, which is a direct response to the Russian invasion of Ukraine and the UK governments commitment to provide economic support to Ukraine through the temporary liberalisation of all TRQs and tariffs, the involvement of the Welsh Government has been limited.

Welsh goods trade with Ukraine accounts for around 0.05% of Welsh exports and around 0.01% of imports. Our latest trade figures show a decrease in the value of goods trade, from £25.0m in 2021 to around £11.7m in 2022, of which imports and exports were worth £2.2m and £9.6m respectively. This decline can, arguably, be attributed to the current conflict.

While Welsh Government involvement in the agreement is limited, we are fully supportive of any measures to support Ukraine in the ongoing conflict and welcome the positive actions the UK government have taken. However, I have made it clear to the UK government that we would expect the Welsh Government to be involved in any review of the deal in the future.

Yours sincerely,

Vaughan Gething AS/MS
Gweinidog yr Economi
Minister for Economy

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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.

Darren Millar MS
Chair of the Economy Trade and Rural Affairs Committee
Senedd Cymru
Cardiff Bay
Cardiff
CF99 1NA

28th March 2023

Dear Darren,

Thank you for the invitation to appear at the committee earlier this month and for the opportunity to answer questions on the strategy and performance of the Development Bank of Wales.

During the session, the committee asked about the carbon offsetting scheme in which we participate and specifically whether we are engaged in any tree planting on agricultural land. I undertook to write with further details.

We work with Carbon Footprint Ltd and take part in their UK based tree planting programme, which coordinates planting of native British broad-leaved trees. A large proportion of their trees are planted in school grounds, where they help to educate and raise awareness among pupils. Whilst we are not engaged in any tree planting on agricultural land, Carbon Footprint has advised that they sometimes plant on farmland as hedging.

The locations for the trees planted in our scheme are:

- Clwb Rygbl Dinbych
- Coleg Plas Dwbl
- Broadway Junior School
- Bowland Escapes Caravan Park

Development Bank of Wales Plc

Unit J, Yale Business Village, Ellice Way, Wrexham LL13 7YL
info@developmentbank.wales | developmentbank.wales



Development Bank of Wales Plc is the holding company of a Group that trades as Development Bank of Wales. The Group is made up of a number of subsidiaries which are registered with names including the initials DBW. Development Bank of Wales Plc is a development finance company wholly owned by the Welsh Ministers and it is neither authorised nor regulated by the Prudential Regulation Authority (PRA) or the Financial Conduct Authority (FCA). The Development Bank of Wales has three subsidiaries which are authorised and regulated by the FCA. Please note that neither the Development Bank of Wales Plc nor any of its subsidiaries are banking institutions or operate as such. This means that none of the group entities are able to accept deposits from the public. A complete legal structure chart for Development Bank of Wales Plc can be found at www.developmentbank.wales

Their portfolio of carbon offset projects operates within quality management systems such as Gold Standard Verified Emission Reductions (VERs) and Verified Carbon Standard (VCS) certified credits. All of their projects meet the stringent requirements of the Quality Assurance Standard (QAS) for Carbon Offsetting.

I trust that this information will be of interest to the committee.

Yours sincerely,



Giles Thorley

Chief Executive

Development Bank of Wales Plc

Unit J, Yale Business Village, Ellice Way, Wrexham LL13 7YL
info@developmentbank.wales | developmentbank.wales



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Llywodraeth Cymru
Welsh Government

Ein Cyf / Our ref: VG/00111/23

Paul Davies MS
Chair of the Economy, Trade and Rural Affairs Committee
Welsh Parliament

5 April 2023

Dear Paul,

Border Controls

I can confirm as I announced in my [statement](#) to the Senedd today that a draft Border [Target Operating Model](#) has been published which sets out a proposed new model for importing goods into the UK.

This follows the decision by the UK Government in April 2022 to further delay the introduction of sanitary and phytosanitary (SPS) controls on the importation of goods from the EU. The UK Government intends to engage with stakeholders on the proposals before a final version of the Target Operating Model is published.

I would be very happy to discuss the proposed arrangements further with the Committee.

Yours sincerely,

Vaughan Gething AS/MS
Gweinidog yr Economi
Minister for Economy

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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.



Llywodraeth Cymru
Welsh Government

Darren Millar
Acting Chair,
Economy, Trade and Rural Affairs Committee

5th April 2023

Dear Darren,

Thank you for your report from February 2023 containing the Economy, Trade and Rural Affairs Committee's report on the Scrutiny of the Welsh Government's Draft Budget 2023/24. We are grateful for the committee's work on this and apologise for the delay in responding.

Please find attached the Welsh Government's response.

Yours sincerely,

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

Lesley Griffiths AS/MS

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

A handwritten signature in black ink, reading "Vaughan Gething". The signature is written in a cursive style.

Vaughan Gething AS/MS

Gweinidog yr Economi
Minister for Economy

A handwritten signature in black ink, reading "Dawn Bowden". The signature is written in a cursive style.

Dawn Bowden AS/MS

Dirprwy Weinidog y Celfyddydau a Chwaraeon, a'r Prif Chwip
Minister for Arts and Sport, and Chief Whip



Welsh Government Response to the Economy, Trade and Rural Affairs Committee report on Scrutiny of the Welsh Government's Budget 2023/24

05/04/2023

Please find below the Welsh Government's response to the 22 recommendations set out by the Economy, Trade and Rural Affairs Committee.

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1. Recommendations.

Recommendation 1. The Welsh Government should keep the Committee updated on its negotiations with UK Government regarding the replacement for EU Rural funding.

Response: **Accept**

The 2021 spending review delivered the final three years of the UK Government 2019 manifesto commitment ‘... to maintain the annual budget to farmers in every year of this Parliament’.

Alongside the other devolved governments, we have repeatedly expressed our concerns with the methodology applied by the UK Government with successive UK Ministers, outlining how it does not fully replace EU funding, and we have requested further engagement on this methodology with a view to remedy the position.

It is our hope that we can work with the UK Government pragmatically through the new inter-governmental relations review arrangements.

There is no indication UK Government intends to propose long term replacement funding arrangements, instead the next spending review may confirm the levels of replacement of EU Rural funding from FY2025/26.

Recommendation 2. The Minister should set out in detail how she is adapting schemes to account for the £21 million shortfall from replacement EU funding.

Response: **Accept**

I have prioritised supporting active farmers by maintaining the level of support provided through Wales' Basic Payment Scheme, every year since 2021.

The remaining replacement EU funding is being used in full to begin tackling the nature and climate emergencies and enable a just transition towards a stronger, greener, fairer Wales. This is being delivered through my Rural Investment Schemes, ahead of the proposed Sustainable Farming Scheme.

Recommendation 3. The Welsh Government should write to the Committee setting out what lessons have been learnt from the RDP, how they will be accounted for and what control measures will be used in its replacement.

Response: **Accept**

Audit Wales' 2020 review highlighted issues in the selection of some socio economic projects under the RDP, and found that the steps taken in the selection and appraisal did not do enough to assess whether some projects would deliver value for money prior to the funding award. Welsh Government took concrete steps to ensure that lessons were learned for the RDP as follows:

- Enhanced selection rules were implemented to ensure that projects are selected openly and fairly, that projects were selected in merit order in accordance with a published scoring procedure, and that value for money is a criteria for all project awards.
- A new tiered scheme of hierarchical appraisal boards were introduced to ensure that all projects were subject to proper scrutiny and oversight prior to grant award.
- A series of internal decision making groups were created to ensure that decisions were appropriately discussed, documented, and an audit trail is retained.

These principles are fully embedded within the RDP grant appraisal model, and are in place for current and future Rural Investment Schemes:

Recommendation 4. The Welsh Government should set out its contingency plans for overspend on the RDP as a result of over-committed funding.

Response: **Accept**

Overcommitting funds at programme level is necessary to ensure Wales utilises all the funding available from the final EU Rural Development Programme (RDP) .

Schemes and individual contracts are continuously monitored to ensure the programme remains on track. Programme modifications are permitted and planned through to September 2023 to adjust individual measures, subject to the opinion of the Programme Monitoring Committee and approval from the European Commission.

Some individual schemes which form part of the RDP have always included long running commitments, such as the annual payment farmers receive when creating new woodland areas. Those commitments transition to the next 7 year programme and whilst UK has left

the EU, the approach will remain with the Rural Investment Schemes providing budget cover, ahead of the proposed Sustainable Farming Scheme.

Recommendation 5. The Welsh Government should set out its plans for the replacement RDP schemes and how they have been adapted following re-prioritisation of budget in this area.

Response: **Accept**

The Rural Investment Schemes, announced in March 2022 support farmers, land managers and the wider rural sector across 6 themes and support the sector ahead of the proposed Sustainable Farming Scheme;

- **Farm scale land management** – providing support for on-farm sustainable land management actions,
- **On farm environmental improvements** - including a focus on nutrient management, enhancing fuel and feed efficiency, embedding circular economy approaches and encouraging the use of renewable energy,
- **On farm efficiency and diversification** – including supporting farm efficiencies through investment in new technology and equipment and to enable opportunities for agricultural diversification,
- **Landscape scale land management** - delivering nature based solutions at a landscape scale, through a multi-sectoral collaborative approach,
- **Woodland and forestry** - supporting our commitment of 43,000 hectares of woodland creation by 2030 and supporting the creation of a timber based industrial strategy, and
- **Food and farming supply chains** - creating a strong and vibrant Welsh food and drink industry with a global reputation for excellence with one of the most environmentally and socially responsible supply chains in the world.

No adaptations to the Rural Investment Schemes have been necessary.

Recommendation 6. Welsh Government should clearly set out how the £6.5m from the Minister for Climate Change's budget will fill the gap in the replacement RDP budget and what areas usually funded by the RDP will not be funded as a result of the overall reduction in funding.

Response: **Accept**

Over £7m of Climate Change funding is being made available in the 3 years to March 2025, to deliver forestry schemes such as the Woodland Restoration Scheme, Timber Business Investment Scheme (both previously funded through EU Rural Development

Programme) and a new scheme to improve management of existing woodlands, as part of the suite of Rural Investment Schemes.

Recommendation 7. The Welsh Government should update the Committee with the value of the new Farming Connect contract and also provide details of the assessment undertaken to ensure the new contract will allow the service to fully support farmers' transition to the SFS.

Response: **Accept**

Farming Connect is continually being evaluated, the most recent findings being reported by [SQW in 2021](#). One of the recommendations included the need for a greater emphasis on SLM objectives, to enable the sustainable production of food while tackling the climate and nature emergencies, as well as strengthening and promoting its offer in this area.

The next Farming Connect (1 April 2023 – 31 March 2025), a total contract value of £22.9m, has been developed to deliver against the SLM Objectives – SLM underpins all future farm support and Farming Connect is no exception. In addition to these outcomes, the next Farming Connect will also support farmers to transition to the new SFS.

The next Farming Connect will build on its achievements over the last seven years of delivery through the ongoing targeted support which will help both today's, and future generations prepare for the opportunities and challenges ahead.

The Programme will support all businesses to increase efficiencies – including for example through benchmarking, knowledge transfer, innovation, utilising new technologies or setting up diversified ventures – enabling farming businesses to lower costs and increase profitability while maintaining the highest standards of animal health and welfare and land management.

Recommendation 8. The Welsh Government should monitor the impact of increased NRW charges on the farming community and on the environment and animal welfare. The Minister should keep the Committee updated on the outcome of this monitoring six months after fee increases come into force and regularly after that date.

Response: **Accept**

Welsh Government officials have agreed with NRW to work together to monitor the potential impact of fee increases which includes considering any adverse effect it may or may not have on the farming community, the environment and animal welfare. The

Minister will write to the Committee to provide an update in line with the timing specified within this recommendation.

Recommendation 9. The Welsh Government should set out a timeline for the development of the Community Food Strategy. This should take note of the passage of the Food (Wales) Bill and if necessary give scenarios depending on different likely outcomes with the Bill's passage through the Senedd.

Response: **Accept**

The Programme for Government commitment is to develop a Community Food Strategy (CFS) during the life of this Senedd. A considerable amount of background research has been completed and is currently being tested through stakeholder focus groups.

The Food (Wales) Bill has diverted official resources from CFS. As a result of this when work on CFS will recommence depends on the fate of the Bill. If the Bill fails at the end of stage 1 (May), work on the CFS will restart then. If the Bill fails the final vote (Oct), work on the CFS will restart after that.

If the Bill passes as drafted it will require Welsh Government to immediately commence work on the functions it creates which will mean work on the CFS will be postponed indefinitely.

Recommendation 10. The Welsh Government should update the Committee whenever there is any re-prioritisation of funding in the economy budget during 2023-24.

Response: **Accept in principle**

The Welsh Government has two opportunities a year through the in year supplementary budget process to capture any allocations to/from reserves and to reflect changes to the baselines including those announced by UK government. Any reprioritisation of funding during the year will be captured as part of this process. Given the supplementary budgets are published, Welsh Government would not propose a separate update be provided to the Committee.

Recommendation 11. In light of his suggestion that “we will have less money in a range of areas, so we will be able to do less” the Minister should provide more information to quantify the reduction in resourcing. The Minister should also set out how this will affect any area of his portfolio seeing a reduction in terms of the outputs and outcomes expected, in particular the number of businesses supported.

Response: **Accept**

With European funding coming to an end and without equivalent replacement funding being made available as promised by UKG difficult choices will be required. While the Welsh Government continues to commit resource to these vital areas, we will need to carefully consider our intervention aligned to the needs of the Welsh Economy. A detailed breakdown of the outcome and outputs planned in areas impacted will be submitted to Committee shortly.

Recommendation 12. The Minister should provide the Committee with further detail on the data being used to develop the retail delivery plan, particularly that which is being used to assess the uneven impact of the current economic challenges on the sector.

Response: **Accept in principle**

The Retail Action Plan (Plan) will be published in the coming months. The plan will outline data used as evidence to support the actions in the Plan. An impact assessment has also been developed and will provide resources and data used to assess the sectorial issues, which are reflected in the identified actions. The Welsh Government will make use of official data to further explore the situation in Wales, as well as identifying any potential gaps which may exist.

The plan has been developed in social partnership with retail sector representatives, retail business, trade unions and the Welsh Government. This approach means all parties engaged in the social partnership have been actively involved in the development of the Plan and in identifying supporting evidence feeding into the actions in the Plan. The Plan outlines additional work which will be undertaken through the course of the Plan to fill gaps in knowledge about the sector in Wales and details a commitment to evaluate the Plans' impact in two years. The approach outlined aims to ensure the Plan is able to respond to

the dynamic and changeable economic landscape and pressures which retail is subject to.

Recommendation 13. The Welsh Government should provide any analysis it has undertaken on the likely effects of the reduced tourism resource budget and reduced marketing spend on visitor numbers to Wales.

Response: **Accept in principle**

The reduction in the tourism budget line is a relatively small proportion and savings have been made across marketing and development budgets, not just focused on one specific area. A reduction in visitor numbers is not anticipated, especially on the back of elevated campaigns, across the UK and internationally, in relation to the FIFA World Cup.

We will be monitoring the position closely throughout the year and there is a range of related evidence that can be shared with the Committee at the appropriate point. Regular bespoke surveys are undertaken to track consumer demand, trip conversion and marketing awareness and these are all used to inform decision making throughout the year to ensure we maximise visitor numbers in line with our ambitions in our strategy, Welcome to Wales.

Recommendation 14. The Welsh Government should keep the committee informed of any decisions taken during 2023-24 on the size of the Tourism Investment Fund.

Response: **Accept**

A capital allocation of £5m is in our budget for 2023-24 with two main capital funds available to support organisations operating within the sector with their development projects; Brilliant Basics and the Strategic Capital Investment fund.

Brilliant Basics is a fund aimed at supporting small-scale infrastructure improvements in key destinations. We have recently launched a £5m fund over two years (£2.5m per year) which is open for applications from local authorities and national parks with a maximum grant of £0.300m per application.

The Strategic Capital Investment Fund represents an annual allocation of £2.5m within the Tourism Development budget. This grant funding enables Visit Wales to service existing commitments and to pilot new approaches to supporting businesses and communities develop the tourism product.

Alongside these capital programmes we also have the £50m Wales Tourism Investment Fund which is a partnership between the Welsh Government and the Development Bank of Wales bringing together both commercial and grant funding into one combined package of financial support to provide capital investment for the tourism and hospitality sector. It offers investment of between £100,000 and £5m and until very recently the fund provided a blended package of support based on repayable loan and a grant element of up to 20%. Given the difficulties that the sector has been experiencing in the wake of the Covid-19 Pandemic and more recently the impact of the cost-of-living crisis, I have approved an increase of the grant element from 20% to 40% where there is a case to increase the grant element. The fund is planned to continue to operate up to its first formal review at the end of 2024-25.

Recommendation 15. The Minister should regularly update the Committee regarding any refocusing or reprofiling of funds related to the Young Person's Guarantee (YPG) and should write to Members with his views on the future of the YPG in autumn 2023.

Response: **Accept**

I will work alongside the Minister for Education and Welsh Language, whose portfolio also holds significant funding relating to the YPG, to ensure the Committee is updated regularly on any refocusing or reprofiling of funds. I will also update the Committee on progress and future plans regarding the YPG in the autumn.

Recommendation 16. The Children, Young People and Education Committee and the Economy, Trade and Rural Affairs Committee jointly recommend the Welsh Government should supply both committees with details of how the Ministers for Economy and Education are working together on incentives for young people to remain in education, employment or training. This should include any work being undertaken as a result of the increased cost of living.

Response: **Accept**

We published the [Young Person's Guarantee Annual Report \(2022\)](#) on 8 February 2023.

The publication sets out the range of policies and programmes we have introduced to reach the National Milestone that '90% of 16 – 24-year-olds in Wales are in education, employment, or training (EET) by 2050' and to support young people and organisations in the face of the cost of living crisis.

This includes the refreshed **Youth Engagement and Progression Framework** which will play a key part in the early identification of potential NEETs in school and up to the age of 18.

It is built around understanding their needs, putting appropriate support or provision in place and monitoring their progression. The Framework also aligns with our commitment to prevent youth homelessness and seeks to ensure young people are identified and supported before they reach a crisis point.

In April 2022, we launched **Jobs Growth Wales Plus (JGW+)**, replacing the existing Jobs Growth Wales and Traineeship programmes. Under **JGW+**, 16-18 year olds receive individualised support to equip them with the confidence, skills and experience to progress into further learning, find a job or remain in employment. Wage subsidies of up to 50% for the first six months and on-the-job training are available for businesses employing young people aged 16 to 18 through the scheme.

Since its launch (and by September 2022) 3,470 individuals have commenced JGW+, of which 1,270 have completed their programmes and with over 50% having had a positive outcome so far.

In January 2023, we introduced a range of further support to help young people during the cost-of-living crisis by reducing the financial barriers they may be facing in accessing and remaining on the programme.

The additional support includes:

- Doubling the rate of the Training Allowance to £60;
- A new free meal allowance;
- Temporarily allowing 100% of travel costs to be claimed (if undertaking training)
- Extending the eligible age range to 19 years old, for enrolling onto the Programme.

Separately, the cost-of-living crisis represents significant challenge to colleges, so we need to look at new ways of working. A new **£5m Innovation Fund** will allow FE providers to consider creative new ways of working and collaborating with others in the sector to benefit learners.

In terms of higher education we have previously taken the decision that the rate of support for students is linked to the value of the National Living Wage. In the 2023-24 financial year the **rate of maintenance support** paid to full and part-time higher education students from Wales will increase by 9.4% for the 2023/24 academic year. In contrast, the UK Government has announced a 2.8% increase for students ordinarily resident in England.

The Annual Report sets out the range of other actions taken to date.

Recommendation 17. The Welsh Government should keep the Committee updated regarding the publication of the final version of its new innovation strategy and any related action plans.

Response: **Accept**

The Innovation Strategy, *Wales Innovates: Creating a Stronger, Fairer, Greener Wales* was published on 27 February. A delivery plan will follow shortly setting out further detail on goals, actions milestones and measures under each mission.

Recommendation 18. The Welsh Government should keep the Committee informed about any effect it's new innovation strategy or any related plans will have on funding and budget lines.

Response: **Accept**

I have committed to report to the Committee after years 1,3 and 5 on the effects the new Innovation Strategy is having on funding, in line with our review and evaluation plans.

The Strategy is explicit that there will be less money for innovation support in Wales and less control over it. It therefore proposes a convening function for Welsh Government to bring stakeholders closer together to develop more compelling, bigger bids for more UK and International competitive funds which should improve budget lines in the medium-term

In doing this we will work with UKRI, Innovate UK and others to deliver on their stated intentions of making significant further investments in Wales, and other parts of the UK outside of the SE of England.

The UK R&D funding landscape is in a state of evolution (e.g. Horizon Europe engagement) and the Welsh ecosystem will need to be open to different and better opportunities for innovation funding.

Recommendation 19. The Welsh Government should undertake work to estimate its spend on inward investment and share this with the Committee.

Response: **Accept in Principle**

The Welsh Government accepts that it would be helpful for the inward investment budget to be made available to the Committee in order to identify the amount of funding available to support companies that are seeking to establish an operation, or expand an existing facility, in Wales.

However, previous attempts to identify the full budget available to support inward investment have confirmed that there are multiple different budget lines from which budget is drawn depending on the nature of the investment and/or the activity that is being undertaken to attract potential investors to Wales. This has meant that it has not been possible in the past to fully identify the budget available to support inward investment and will not be possible to estimate for 2023-24. In addition, many of these budget lines are generic business support which is available to businesses in Wales, as well as investors, and budget has been drawn from these lines on a needs basis.

Recommendation 20. The Minister should write to the Committee setting out the options being considered for running Border Control Posts.

Response: **Accept**

I will include information on the options being considered for running Border Control Posts in the regular updates on the development of BCPs provided to the committee, as agreed in the response to Recommendation 21.

Recommendation 21. The Minister should update the Committee regularly regarding the development of Border Control Posts, including details of discussions on the matter between the Welsh and UK Governments.

Response: **Accept**

The UK Government plans to publish the Borders Target Operating Model shortly. After that, I will be able to update the Senedd, and I will continue to provide regular updates to the Committee either in person or in writing on the proposed new Border regime and plans for Border Control Posts in Wales.

Recommendation 22. The Minister told Members the Welsh Government had received money from the UK Treasury for spending Welsh Government have made 'at risk on getting ready to create border control posts.' Welsh Government should set out how much of the money it has spent 'at risk' on Border Control Posts and how much of that has been reimbursed by UK Government.

Response: **Accept**

The UKG first insisted the Welsh Government prepare for new checks on SPS goods back in 2020-21. Since then, we have had to stop and start work due to delays by the UKG.

Over the first two financial years (2020-21 and 2021-22), the Welsh Government incurred expenditure for design and programme costs totalling £6.1m which we agreed to meet from the Welsh Government's own resources.

For 2022-23, the UKG had only committed to provide 'absolutely necessary build costs' and no funding was provided in our Budget settlement from the UK Government in relation to the Borders Control Posts programme. Until £3.4m was received from the UKG as part of the UK Supplementary Estimates in January, this spend was incurred by the Welsh Government at risk.

The funding received meets all our spend on borders for 2022-23, including further design and programme costs incurred this year. It also enables our contractor to prepare the site for the Border Control Post at Holyhead. There is a tail of costs committed into 2023-24, which is again at risk to Welsh Government until UKG reimburses them. The UKG has not yet provided any 2023-24 funding for the Borders programme in Wales.



Llywodraeth Cymru
Welsh Government

Ein cyf/Our ref VG/00117/23

Ian Price
CBI Director Wales
Ian.Price@cbi.org.uk

11 April 2023

Dear Ian,

I understand you spoke to my officials last Thursday, 6th April about the reported allegations of misconduct at the CBI.

These allegations are serious, include criminal behaviour and will be personally devastating for the victims involved. Whilst we note that none of the allegations made to date appear to relate to CBI Wales, we cannot be assured that employees are unaffected given that the Wales operation functions within a wider, single CBI. The welfare of employees here will be impacted by the culture and behaviours of the body's UK leadership but I hope that your engagement on the next steps in this process will help to demonstrate that the culture and behaviours within the Wales operation are in a much better place.

We recognise the courage it takes for anyone to speak out after experiencing abuse, harassment, or bullying. The Welsh Government is committed to tackling harassment, bullying and all forms of violence against women head on. Women and girls should be and feel safe in all aspects of their lives, including the workplace. We expect the same level of commitment from all our partners, stakeholders and citizens, including the CBI.

My officials confirmed my intention to pause Ministerial engagement and bilaterals between senior officials and the CBI. Officials at Deputy Director level will continue to engage with the CBI in circumstances where other social partners and/or stakeholders are present. However, this engagement will also be contingent upon assurances regarding the handling of the reported allegations and the CBI's commitment to taking swift and appropriate action pending the outcome of the independent investigation that I understand is underway. I note that the CBI's Director General has now been dismissed and that three employees have been suspended. It is encouraging to see swift action at this stage and the commitment to instigate a root and branch review of culture, governance and processes within the organisation.

I would be grateful for the clarification that you can provide on the following:

- What are the Terms of Reference for the independent investigation and will these be published?

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

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Correspondence.Vaughan.Gething@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.

- What is the timescale for the investigation, who will it report to and again will its recommendations be published?
- Has a robust whistle-blowing mechanism been established so that others can bring forward concerns safely and anonymously?
- Has the CBI referred any of these matters to the Police and will it co-operate fully with any police investigations that may ensue?
- Is the CBI currently engaging any external support to improve procedures & responses to inappropriate behaviour in the workplace?
- Does the CBI have a workplace sexual harassment policy? If so, how often is this reviewed?
- What processes and procedures does the CBI have in place to protect staff from sexual harassment in the workplace?
- What avenues for reporting concerns are currently in place?
- What grievance processes are used to investigate complaints and carry out disciplinarys?
- Are staff signposted to any external helplines for support?

Further to this and for clarity, I would also expect to see:

- A thorough and transparent independent external review of existing processes and disciplinary procedures.
- A review of workplace cultures and staff feedback to establish a baseline from which to improve. This can include a climate survey, anonymised staff questionnaires & analysis of areas of the organisation where there is a significant gendered power discrepancy.
- Training for all staff in understanding what sexual harassment is, the impact it has and how to maintain a safe and equal workplace.
- Clear signposting to support helplines, including [Live Fear Free](#) and [Rights of Women](#) sexual harassment at work helpline and the [ACAS](#) helpline.
- Regular monitoring of the process and procedures, making modifications where necessary to prevent sexual harassment from happening.

It is important that action is taken to ensure that CBI employees working in Wales receive the care and assistance they might need. I urge the CBI and its members in Wales to engage with our ground-breaking Violence Against Women, Domestic Abuse and Sexual Violence (Wales) Act 2015 and to make use of the tools available to establish a best practice approach that supports women. We also provide support for the Live Fear Free, a free, confidential helpline for anyone experiencing any form of violence against women, harassment or abuse. The service can be accessed in several different ways and I would urge you to ensure that all employees in Wales are signposted to the services available to them at the details below. Regardless of whether employees in Wales have highlighted concerns to management, it is important that they are made aware of the free, confidential and expert support that is available to everyone in Wales:

Phone: 0808 80 10 800

Text: 07860077333

Live Chat: www.gov.wales/live-fear-free

e-mail: info@livefearfreehelpline.wales

The CBI's status as a social partner in Wales is significant. It's wider role affords the organisation a platform that allows it influence our civic and economic life. We must all recognise and act upon the role our institutions play in determining how women and girls feel about their place in society, and their safety.

While these allegations are incredibly serious, the CBI is not alone in facing these issues and the VAWDASV Act exists because we recognise the scale of injustice faced by so many, whether in work, in the community or at home. The expertise and resources we

support are available to help organisations embrace best practice to prevent and act upon VAWDASV.

I hope that the CBI will seek to adopt such an approach via a thorough and transparent process and that here in Wales we can then explore how the essential lessons from this work can support business cultures that tackle VAWDASV at its stem in a fairer Wales.

I recognise that urgent work is now required to swiftly establish that robust process and I look forward to your response.

Yours sincerely,

A handwritten signature in black ink that reads "Vaughan Gething". The signature is written in a cursive style with a large initial 'V' and a long, sweeping tail on the 'g'.

Vaughan Gething AS/MS
Gweinidog yr Economi
Minister for Economy

Chair, Children, Young People, and Education Committee
Chair, Climate Change, Environment, and Infrastructure Committee
Chair, Culture, Communications, Welsh Language, Sport, and International
Relations Committee
Chair, Economy, Trade, and Rural Affairs Committee
Chair, Equality and Social Justice Committee
Chair, Health and Social Care Committee
Chair, Legislation, Justice and Constitution Committee
Chair, Local Government and Housing Committee

19 April 2023

Dear Committee Chairs,

Welsh Government Draft Budget 2024-25: Engagement

At our meeting on 23 March 2023, the Finance Committee (the Committee) considered its programme of engagement for the forthcoming Welsh Government's Draft Budget 2024-25, ahead of the Committee's annual Plenary debate on spending priorities, provisionally scheduled for 12 July. I am writing to Chairs of subject committees to share our thinking. The Committee has agreed to undertake a number of engagement activities prior to the publication of the Draft Budget, in the autumn. These include, a stakeholder event, focus groups held with the general public, and a workshop with Members of the Welsh Youth Parliament.

Stakeholder Event: Wrexham

This year's stakeholder event will take place at the Glyndwr University Campus (Catrin Finch Centre) in Wrexham on the morning of Thursday 15 June. This will be an opportunity for the Committee to hear directly from interested organisations/individuals on the expected draft budget proposals, as well as their views on the Welsh Government's approach to setting the budget and prioritising resources. As cross-Committee engagement with stakeholders on the budget is crucial to effective scrutiny, I would like to invite Committee Chairs or a Member of your Committee to join the event. If Chairs or

Members are interested in attending, please contact the clerking team seneddfinance@senedd.wales by 22 May.

Citizen engagement focus groups with the Welsh public

On behalf of the Committee, the Senedd's Citizens Engagement Team will be holding a series of focus groups on the Draft Budget with the Welsh public. The team has undertaken similar exercises over the past few years and the aim of this work is to form a longitudinal study to allow the Committee to monitor perspectives and attitudes over time. Participants will be sourced through similar partner organisations to cover the same demographics as last year, and groups will be organised to focus on particular policy areas. The Citizens Engagement Team will circulate the dates of sessions to all Committees, should any Members wish to participate. This will allow an opportunity for Members to hear first-hand from the citizens of Wales where spending should be prioritised.

Welsh Youth Parliament

Last year to further complement our engagement work, the Committee held a workshop with Members of the Youth Parliament. It was extremely informative to hear openly from these young Members about the issues concerning and directly affecting them. We are keen to continue building on this invaluable work and will be inviting the youth Members to participate in a workshop again this year.

Finance Committee Plenary Debate on the Welsh Government spending priorities

As mentioned above, the Committee intends to hold a Plenary debate on Wednesday 12 July on the Welsh Government's spending priorities for 2024-25. The outcomes of our engagement work will inform and feed into this debate, which will provide the best opportunity to influence the Welsh Government spending priorities before the Draft Budget is formulated in the autumn. As ever, we would very much welcome the participation of Committee Chairs, as well as other Members, as part of this debate, to ensure that the Welsh Government's spending plans are informed by the views and priorities of Senedd Committees.

Approach to budget scrutiny

I will shortly be writing to Chairs, with regard to the Committee's approach to budget scrutiny, including information on the consultation and timetable once the Trefnydd has notified the Business Committee of the Draft Budget publication dates.

The Finance Committee has tried to ensure that the profile and effectiveness of budget scrutiny in the Senedd is continually improved and that the Welsh public are able to engage fully with the process. As you are aware, we are currently discussing proposals with the Minister for Finance and Local Government to amend the [Budget Process Protocol](#), which sets out an understanding between the

Welsh Government and the Senedd on the administrative arrangements for the scrutiny of the annual draft budget and other related budgetary matters.

In addition, during last year's budget round the Committee agreed to consult with Committees on the documentation provided by the Welsh Government alongside its Draft Budget proposals, with a view to seeking improvements to the information provided. I wrote to [Chair on this issue on 8 March](#) and I am grateful to the Committees that have responded. As this work progresses, I will continue to provide updates to Committees on developments.

If you have any questions about any aspect of the Draft Budget process, please feel free to contact me or the Clerk to the Finance Committee, Owain Roberts, 0300 200 6388, seneddfinance@senedd.wales.

Yours sincerely,



Peredur Owen Griffiths
Chair, Finance Committee

Croesewir gohebiaeth yn Gymraeg neu Saesneg.

We welcome correspondence in Welsh or English.



Llywodraeth Cymru
Welsh Government

Peredur Owen Griffiths MS
Chair
Finance Committee
Senedd Cymru
Cardiff
CF99 1SN

SeneddFinance@senedd.wales

20 April 2023

Dear Peredur,

I wish to update the Finance Committee on newly acquired evidence regarding the costs of implementing the Food Wales Bill (FWB).

The [Explanatory Memorandum](#) accompanying the FWB states '*assumptions have been made following liaison with Scottish Government officials who produced cost estimates for the Good Food Nation (Scotland) Bill.*' (para 331). Following my officials' regular communications with their counterparts in Scottish Government some more up-to-date estimates for the costs of implementing the FWB have come to light.

The cost estimates for comparable elements of the Good Food Nation (Scotland) Act 2022 have increased significantly compared to those which the Scottish Government originally anticipated when it was a Bill and which informed the FWB Explanatory Memorandum. This means the estimates quoted in the Explanatory Memorandum for the costs to the Welsh Government and public bodies in Wales of implementing the FWB, are certainly significant underestimates. I draw your attention to the table below which sets out the estimated costs taken directly from the FWB's Explanatory Memorandum and matched with the up to date costs which Scottish Government has now calculated.

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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.

| Cost Element | Food (Wales) Bill estimated costs (based on 2022 estimated costs of Good Food Nation (Scotland) Bill) | Good Food Nation (Scotland) Act – Scottish Gov estimated costs March 2023 |
|---|--|--|
| WG officials' time to create National Food Strategy and establish Food Commission. | £20,960 ^[1] pa | £227,600 pa for team of five (mixed full and part time) officials, excluding deputy director sign off, and support input from legal advisers, economists, comms and input from non-food teams. |
| Food Commission | bt £750,000 - £1,500,000 | £1.1 million p.a. |
| Local Food Plans | £21,687 per Local Authority/Health Board ^[2] | £46,969 - £61,186 p.a. estimated costs for one member of staff per Local Authority depending on grade of staff. |

1 [Explanatory Memorandum](#) para 325 Table 4 and para 374

2 [Explanatory Memorandum](#) para 409

I am copying this letter to the chair of the ETRAC and to Mr. Fox MS.

Regards,



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

cc: Mr. Paul Davies, Chair of the ETRAC
Mr Peter Fox, MS.

^[1] [Explanatory Memorandum](#) para 325 Table 4, para 374

^[2] [Explanatory Memorandum](#) para 409

Agenda Item 3

POST-EU REGIONAL DEVELOPMENT FUNDING

Submission to the Inquiry by the Welsh Parliament's Economy, Trade and Rural Affairs Committee

Prof Steve Fothergill
Centre for Regional Economic and Social Research
Sheffield Hallam University

Basis of the submission

The present note is submitted in a personal capacity in my role as an academic who has worked on many aspects of UK regional and local development. However, it is also informed by my other roles as National Director of the Industrial Communities Alliance – the all-party association of local authorities in the industrial areas of England, Scotland and Wales – and as Secretary to the Westminster All-Party Parliamentary Group on the UK Shared Prosperity Fund.

Overview

Under the banner of the UK Shared Prosperity Fund (UKSPF), the post-EU funding for regional development through until March 2025 is now in place. UKSPF funds have been allocated to local areas across the UK, including within Wales, and all the Investment Plans have been signed off. To all intents, what happens over the next couple of years is already fixed.

It is important therefore to focus on what might come next. The decisions on this would normally be revealed in the UK Government's next Spending Review, anticipated in the autumn of 2024. If there were to be a change in government at or around the end of that year, the new government would have a very narrow window to revise plans that would normally come into effect in April 2025.

The thinking about funding beyond March 2025 has already begun. In March this year the Industrial Communities Alliance, which represents local authorities in many of the areas targeted by EU funding and now by the UKSPF, adopted a number of recommendations. These are based on extensive discussion, including among local authority officers from around Britain, and form the core of the present submission. They apply to Wales as much as any other part of the UK. It would be especially helpful if the Welsh Parliament, and the Welsh Government, felt able to rally round this 'ask' of Westminster.

Controversies

It is appropriate, however, to begin by commenting on three controversial aspects of the transition to date in Wales from EU funding to the UKSPF.

The first concerns the **quantum of funding**. The UK Government say it is fully replacing EU funding to the regions. The Welsh Government, on the other hand, says that Wales has been seriously short-changed, to the tune of £1.1bn according to a written statement in December 2022 by the Minister for Economy. The Welsh Parliament's Finance Committee, in a report published in October 2022, argued that an independent body needs to assess these conflicting claims.

The truth is that both governments are right. The UK Government's figures refer to *spending in each financial year*, and it is correct that by 2024-25, when the still substantial legacy EU spending finally drops out of the picture, UKSPF funding of £1.5bn for the UK as a whole will broad match in real terms the annual average EU funding (ERDF and ESF) over the last spending round.

Where the Welsh Government is correct is that if the UK has remained within the EU we would at this stage have had a *financial commitment* to a much larger sum. Using the UK Government's figure of £1.5bn a year as a guide, this might have been worth £10.5bn over seven years to the UK as whole, compared to the actual allocation to the UKSPF of just £2.6bn over three years through to March 2025.

The second controversy concerns the **role of Welsh Government**. There has been a major change here. Under EU funding, the Welsh Government was centrally involved in decision-making, though within the tightly defined framework of EU priorities and the UK-wide plan agreed between London and Brussels. As the Welsh Government has repeatedly complained, the involvement of the devolved administrations in the development of the UKSPF has been minimal and the UK Government has allocated funding right down to local authorities.

Whether this greater involvement for local authorities is entirely a bad thing is something the Committee will wish to assess. However, it has not been without problems. No least, the fragmentation of UKSPF funding between so many authorities makes it difficult for organisations that operate across boundaries, or at the level of Wales as a whole, to find a meaningful way to engage. Welsh universities, for example, who previously received substantial funding for research and business development, appear to be among those losing out.

The third controversy concerns the **local allocation of funding**. As the Committee will be aware, a note produced by the Institute for Fiscal Studies (IFS) argued that the way in which the UK Government used the Indices of Deprivation in allocating UKSPF funding to local authorities within Wales was flawed. The UK Government used the *ranking* of each authority; IFS argued that this took no account of the *population* of each authority and therefore favoured some over others. The IFS argument is correct. The effect of this blunder has been to divert several millions to smaller Welsh authorities at the expense of larger Welsh authorities.

Looking ahead: context

In any discussion of the future of the UKSPF, a key factor the Welsh Parliament and Government need to bear in mind is that the UK Government says it intends to streamline levelling up funding. The UKSPF is of course an integral part of the wider package of levelling up funds.

This intention was flagged up in the February 2022 *Levelling Up White Paper*, repeated in the September 2022 *Growth Plan*, and again in the November 2022 *Autumn Statement*. Now that some of the levelling up funds, including the UKSPF, apply across the whole of the UK there is no reason to suppose that the commitment to streamlining does not apply to Wales.

Streamlining is welcomed by local authorities, especially in England where the multiplicity of funds has created overlapping objectives and a substantial administrative burden. In Wales, fewer UK Government funds apply – principally the UKSPF and the Levelling Up Fund – and the Welsh Government receives Barnett consequentials as a result of other levelling up spending, so there are fewer potential benefits.

Given the UK Government's intention to streamline levelling up funding, should the UKSPF simply be merged into a much bigger levelling up funding pot? Or should it be retained as a separate funding stream? For Wales, which has received approaching a quarter of all the UK's EU and SPF funding, it would certainly be a serious mistake to allocate the UKSPF via the Barnett formula.

The way forward

RECOMMENDATION 1: *The UK Shared Prosperity Fund needs to be maintained as a separate funding stream.*

Despite the substantial attractions of streamlining, in the context of the UKSPF there are serious drawbacks. The attractions of a separate UKSPF Tranche 2 are:

- It would visibly honour the political commitment to replace EU funding. If the UK had remained within the EU, the nations and regions of the UK would at this point have had guaranteed EU funding through until the end of 2027.
- In purpose and allocation, the UKSPF more closely aligns with the aim of regional and local economic development than any of the UK Government's other levelling up funds. The EU funds themselves were always intended to narrow the gaps in prosperity between local economies – arguably the core of levelling up.
- Unlike all the UK Government's other levelling up funds, which have been allocated by competitive bidding (or in the case of England's Towns Fund by invitation only) the UKSPF has been wholly allocated by formula.

- The allocation to date of the UKSPF strongly targets less prosperous local economies. The per capita allocation to Wales is almost twenty times greater than the per capita allocation to South East England. None of the other levelling up funds match this strong skew.
- It's difficult to see how a merger of the UKSPF into other levelling up funding streams would work in the devolved nations, where several of the present funds do not apply and where the devolved administrations also run their own programmes.

RECOMMENDATION 2: Tranche 1 of the UKSPF is nevertheless imperfect, so there is a case for reform.

- Local and regional economic development needs to be reaffirmed as the aim. The purpose of the Fund has been somewhat diluted – indeed the UK government now argues that the UKSPF “is not a direct replacement for the EU structural funds”. It need not be a direct replacement in detail but promoting jobs, productivity and growth in less prosperous local economies should remain the key objective.
- The financial allocations in Tranche 1 are driven by out-of-date statistics. The UK government essentially replicated the 2014-20 allocation of EU funding to sub-regions, which means that by 2025 the underpinning data will be fifteen years old. To command confidence and support, the updating of statistics and associated formulas should be open to consultation and scrutiny prior to deployment.
- The duration of funding is too short. It is impossible to deliver transformational projects, especially capital spending, within just two or three years. Local players need early notification of financial allocations for planning purposes and longer timeframes for delivery.
- Funding should not be pre-emptively allocated to specific initiatives, as has been the case with the Multiply adult numeracy programme within UKSPF Tranche 1. It should be for local partners to identify local priorities. Nor should there be a specific requirement for matching finance.
- The devolved administrations should be fully involved in setting the strategic priorities and in the allocation and management of UKSPF funding. In contrast to previous practice, this has not been an integral element of Tranche 1 even though the devolved administrations are major players in their own economies.

As noted earlier, UKSPF funding presently builds up to £1.5bn a year in 2024-25, when legacy EU spending drops out of the picture. Beyond March 2025, to maintain the same level of spending would require an on-going UKSPF budget of £1.5bn a year, uprated for inflation. If the inflation adjustment were to be 20 per cent (not unreasonable perhaps), UKSPF spending from 2025 onwards would need to average at least £1.8bn a year, or £5.4bn over a three-year spending round.

This would still not be a full replacement for EU funding. Adding £5.4bn to the existing three-year allocation of £2.6bn would bring the cumulative UKSPF total to £8bn by 2027-28. As noted earlier, a seven-year EU funding cycle through to the end of 2027 would have been worth £10.5bn, plus a further adjustment for recent inflation of perhaps £1bn bringing the total to around £11.5bn.

The main reason for the gap (some £3.5bn) is that some of the EU funding would have been carried forward to pay for spending in the following years. Rolling forward spending in this way is hugely advantageous because it allows commitments to be made to major schemes that take time to deliver. It is an approach that should be adopted with the UKSPF. To match previous EU funding, an additional £3.5bn should therefore be earmarked in Tranche 2 for spending commitments running on beyond the end of the next spending round.

RECOMMENDATION 3: *If as part of streamlining it proves impossible to maintain a separate identity for the UKSPF, the way to carry forward as many benefits as possible would be to establish a 'minimum guarantee'.*

Under a 'minimum guarantee', all parts of the country would be guaranteed to receive not less from the UKSPF funding rolled into the levelling up pot than they would have received if the UKSPF had continued to operate as a separate funding stream.

In effect, this would be a 'fund within a fund' with its own allocation formula but all areas would be reassured that they would not be disadvantaged by the changeover to a streamlined funding system. In terms of spending, however, as part of a new streamlined pot there would presumably be local flexibility to move funding from one project to another within a broad framework of goals.

Prof Steve Fothergill
April 2023



RESEARCH NOTE

Adam Hawksbee, Luke Stanley, Shivani H Menon

Introduction

This is the fourth interim report from Onward's research into Levelling Up in Practice.

Our first interim report set out the purpose of this programme.¹In summary, we are working to develop a prototype methodology for levelling up, rooted in evidence and informed by the views of local communities. By taking the insights from the Levelling Up White Paper and applying them to specific places across the country, we want to generate an actionable toolkit for local leaders to improve their areas.

We believe this methodology for Levelling Up needs to be different from past attempts at regeneration. It needs to make places great to live in as well as making them wealthier, prioritise the social fabric alongside economic fundamentals, and bring opportunities to where people live already - rather than expecting them to move. And our methodology needs to marry consistency and flexibility: clear and replicable enough as a playbook that different communities can adopt it, but not so rigid that it ignores the nuances of local context.

Our approach combines three steps:

- *Data Diagnostics* - understanding the economic and social characteristics of an area through a range of quantitative datasets and building a typology of places so that local leaders can identify relevant comparators;
- *Field Visits* - conducting qualitative research in a series of places across the UK, including focus groups with members of the public and discussions with businesses, community groups, local and regional government, schools, colleges, and universities;
- *Levelling Up Playbook* - identifying shared challenges to form the building blocks for a set of replicable and scalable interventions. These will primarily be low-cost, fast-acting, evidence-based interventions, within the gift of local leaders without recourse to central government.

In the spirit of sharing and learning, we will regularly publish interim research which summarises what we have learnt in each place and offer initial thoughts and recommendations. These will serve to prompt discussion and unearth common themes, and improve the robustness of the prototype once all the research has been concluded.

Our first three reports shared our learnings from Oldham, South Tyneside, and Walsall, bringing together a range of data with views from members of the public and leaders from the public, private, and charitable sectors.

Our research in Barry

The fourth place we have focused on is Barry, which we visited in August 2022.

We are extremely grateful to the individuals and organisations who gave their time to speak to us - including Alun Cairns MP, the member of Parliament for the Vale of Glamorgan; Mark Hooper, a local councillor representing a ward of Barry on the Vale of Glamorgan Council; Dennis Harkus of Focus Barry; Paul Haley of Pride in Barry; and Lorraine Gittins, Rosie James and Lynn Crease from The Bridge Between Community Centre and Barry Uniting Church.

Barry

“It’s already getting there. Crime is falling, things are getting better. And Gavin and Stacey has put us on the map”

Mark, database administrator

Barry is a town of around 50,000 people in the Vale of Glamorgan, 9 miles south west of Cardiff. Originally a small village, Barry expanded significantly during the 1880s after the development of the local docks, and was the largest coal port in the world in 1913. Following this expansion, Barry absorbed neighbouring villages including Cadoxton. While the significance of Barry as a port declined through the 20th Century, Barry Island became a popular tourist destination, benefiting from local rail infrastructure developed to feed the port. In 1966, a Butlins Holiday camp was opened on the island, which remained in place through to 1996.

Barry has faced real challenges in the last fifty years. The Welsh Indices of Multiple Deprivation show that most deprived neighbourhoods in Wales have persistently been in Barry, with this share improving only marginally since 2011: 5 areas in Barry were among the 10% most deprived in Wales in 2011, falling to 4 in 2014 and 3 in 2019.

But Barry is already well on the way to levelling up. The clearest sign of its renaissance is in the built environment. There have been a number of successful regeneration projects in Barry, including the revitalisation of the Waterfront, which has delivered more than 2,000 new homes in the last eight years and boosted house prices.² In 2019, the town had the highest house price growth in Great Britain³. Between 2017 and 2021 increase in house prices in Barry (39%) was higher than both the Vale of Glamorgan generally (36%) and the average for Wales (29%).

And there is more to come. A proposed development on a small peninsula of land in the centre of Barry, “the Mole”, could see further regeneration - if the area succeeds in securing backing from the Government’s Levelling Up Fund. The £20 million project would deliver a new marina, along with more housing, co-working spaces, and a new water sports facility that local clubs can use as a community space.⁴

Figure 1: Barry Waterfront, August 2022



Discussions with the local council and community leaders make clear that this regeneration hasn't happened by accident. Community groups have been working for decades to bring forward new sites, originally becoming involved in the early 1990s, after the Vale of Glamorgan Council purchased large swathes of derelict industrial land on the waterfront. Activists like Paul Haley, the former chair of local community group Pride in Barry, have advocated for the development of the Marina for over 14 years.⁵ And these community-backed proposals have been worked up and championed by local politicians, both from the council and representatives in Westminster.

Local entrepreneurs have also played an important role. In 2015, Vale of Glamorgan council and the Welsh Government invested £1.6m to save an old pump house by the waterfront.⁶ This created the condition for Simon Baston, a local businessman, to buy the site and convert it into 'The Pumphouse' - a popular coffee shop and co-working space. Simon also created "Goodsheds" nearby, a "container village" hosting restaurants, retail units, apartments for short-term lets, and workspaces for start-ups. This has created a new centre of activity for Barry on the waterfront, even as the older and more traditional high street in the centre of town has struggled.

Barry's regeneration has also been helped by good fortune, with "Gavin and Stacey" generating interest in the town as a tourism destination. Local entrepreneurs and business owners have taken advantage of this buzz: Marco's cafe, which featured heavily in the series, and other local retailers have launched themed products and signage to attract day trippers. And the local council has worked hard to capitalise on this interest in the town via greater tourism promotion.

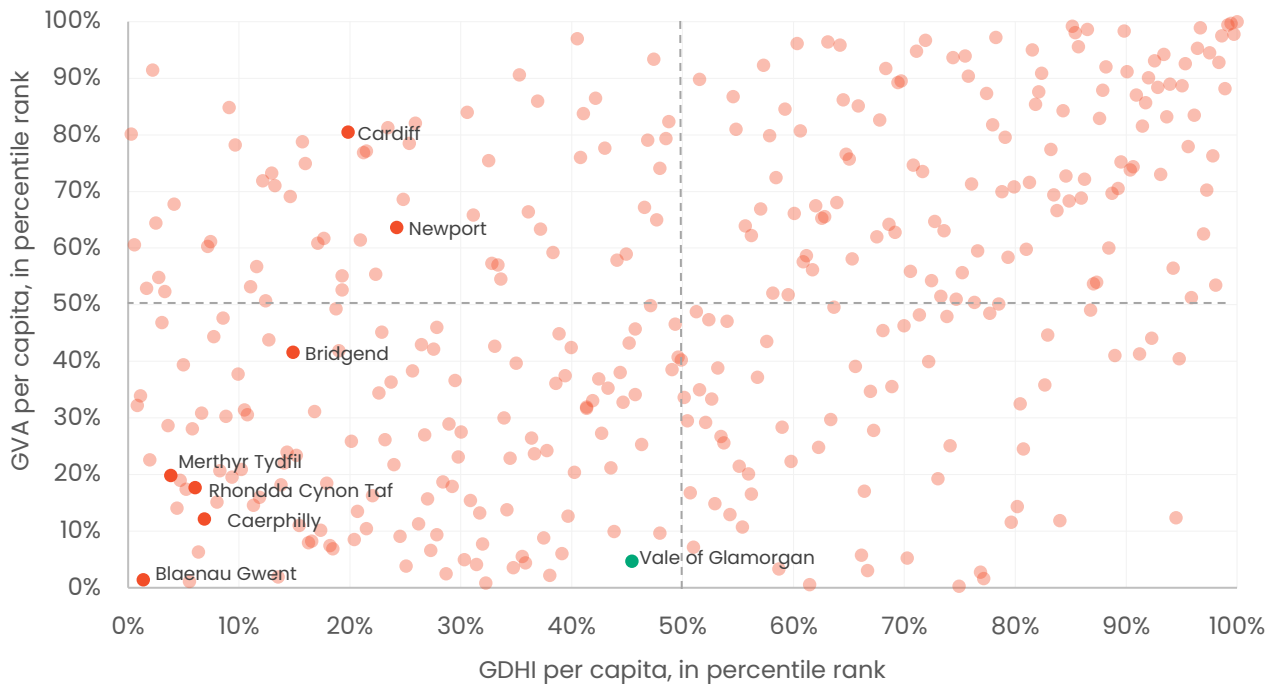
But this recent upswing isn't completely visible in some of the data on the economic and social strength of the area. While averages across the Vale of Glamorgan are reasonably high, this often obscures challenges in Barry.

On the economy, the Vale of Glamorgan looks like a typical commuter suburb. Levels of productivity are very low, with GVA per capita at £14,706, around £8,600 less than the UK average and placing it in the 5th percentile. This is a wider problem across Southern Wales, with similarly low productivity in neighbouring local authorities like Rhondda Cynon Taf, another commuter town. But data on household incomes is more positive for the Vale, with a GDHI of £20,000, far closer to the UK average, in stark contrast to other local authorities across Southern Wales, including Cardiff, which report far lower average incomes.

While productivity and income data is not available for Barry, there appears to be a stark economic divide both between both the town and the rest of the Vale and between the east and west parts of the town itself. For example, parts of Gibbonsdown, in North East Barry, have some of the highest levels of deprivation in the Vale of Glamorgan, while parts of western Barry, like the Baruc ward, are among the least deprived areas of the Vale. Deprivation in the town ranges between LSOA Gibbonsdown 2, the 105th most deprived of the 1909 such areas in Wales, through to Baruc 2, the 65th least deprived LSOA in Wales.⁷ The economic divide between Barry and the rest of the Vale was raised repeatedly by people we spoke to in the town. Locals saw it as deeply frustrating, as the affluence of the rest of the county prevented them from being considered for funding from the Welsh Government or the European Union.

Figure 2: GVA per capita vs GDHI per capita

Source: Onward Analysis of ONS Regional Accounts, 2019

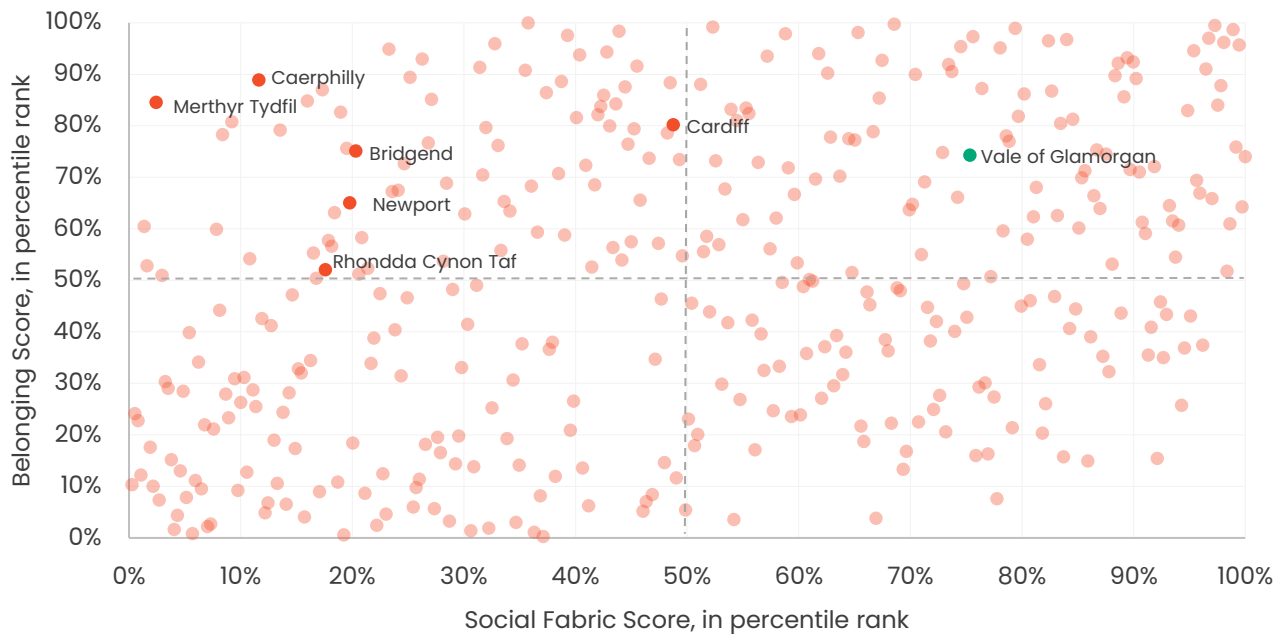


Our data on the strength of community within Barry is also encouraging. While data is not available for Barry specifically, the wider Vale of Glamorgan reports the highest level of community strength, as measured by Onward’s Social Fabric Index, in all of Wales.

On the extent to which Vale of Glamorgan residents feel they belong to their local community, the data is less exceptional, with scores comparable to that of neighbouring Bridgend and below that of Cardiff, but still above the national UK average. This data chimes with the findings of our focus groups, discussed below, in which a number of respondents expressed pride in Barry and pointed to the role of community activities, such as the local “GlastonBarry” music festival, in bringing people together.

Figure 3: Social Fabric Index score vs Belonging

Source: Onward Social Fabric Index and Understanding Society Belonging Score, 2020



This data underscores the strength of community and belonging in Barry, while our qualitative research highlights the extent to which the community’s “can-do” spirit has spurred the economic rejuvenation of the town.

The rest of this report will explore in greater detail the progress in Barry to date and what more can be done to build upon this, further address the challenges facing the town, and capitalise upon Barry’s opportunities. We will explore these within the four headings of the Levelling Up White Paper, as well as discussing what Barry can tell us about the “Levelling Up in Practice” playbook.

1) Boost productivity, pay, jobs, and living standards by growing the private sector

“If you want a half decent salary in Barry you’ve got no chance”
Ben, process engineer

Broadly speaking, there are three important strands to Barry’s local economy: tourism, other industries present in the Vale such as employment in manufacturing and public services, and the town’s increased role as a commuter town for Cardiff.

First, on tourism, there has been a resurgence in visits to Barry. Between 2012 and 2018, the estimated number of visitors to Barry Island soared from around 300,000 to 425,000, an increase of 42%.⁸ ⁹Many locals pointed to the “Gavin and Stacey Effect” as one of the driving factors of this upswing in tourism, with the show, first airing in 2007, driving national awareness of Barry as a tourist destination. This is corroborated by academic research which found almost 20 different news stories by Welsh and UK national press promoting Barry as a tourist destination in the four years after the series began. Some of these billed Barry as a “forgotten resort” while others noted that the show had put Barry “on the map”, a phrase we heard from locals on multiple occasions during our own visit.¹⁰

Figure 4: Tourist attractions on Barry Island, August 2022



Some locals also pointed to Gavin and Stacey as helping Barry reinvent itself by creating a new “cafe culture” on the island. The show prominently features a local cafe, Marco’s, which some locals told us had helped generate greater footfall to cafes on the island. Crucially, this “cafe culture” appears to attract different kinds of visitors than those coming to visit Barry Island’s amusement attractions, helping the town attract visitors all year round and easing seasonal pressures. And the revitalisation of the Island has been supported by the Vale council’s £3.3m renovation of the promenade, which provided new street furniture, toilets, and beach huts.^{11 12}

One of the factors preventing the visitor economy in Barry reaching its full potential is the low level of overnight stays by tourists, as evidenced by the relative lack of hotels in the town. Given that overnight stays generate significantly more for the local economy than day trips, Barry is not currently generating as much revenue from its reputation as a tourist destination as the town could be doing. Some steps have already been taken to address this, with the Vale council supporting a new Premier Inn as part of the Waterfront’s redevelopment in 2013.

However, even if Barry were to maximise the benefits of the tourism economy in such a way, employment in this sector tends to be poorly paid. The latest figures show that the average weekly wage for someone employed in accommodation or food services across Great Britain is £286, half the average wages of those employed across the economy (£613).¹³ Therefore, to prevent Barry becoming trapped as a low wage economy, more must be done to support skilled jobs in other industries within the area, which the Vale council have included as a priority in their Barry Growth Programme.¹⁴

Second, on industries in the Vale more broadly, the industry-mix of employment has changed significantly in recent years. Between 2015 and 2021, the proportion of Vale residents employed in financial and insurance has grown 67%, with similarly large increases in professional, scientific and technical services (63%), and public administration and defence (35%). Each of these increases have been far faster than the average increases for Wales generally.

By contrast, there have been significant reductions in traditional staples of the local economy: mining, quarrying and utilities (63%), manufacturing (36%), and wholesale (17%). Again, each of these declines have been far faster than the average declines across Wales, showing the extent to which Barry and the Vale are transitioning rapidly to a new economy.

Figure 5: Change in share of employment by industry, 2015-21

Source: Business Register and Employment Survey

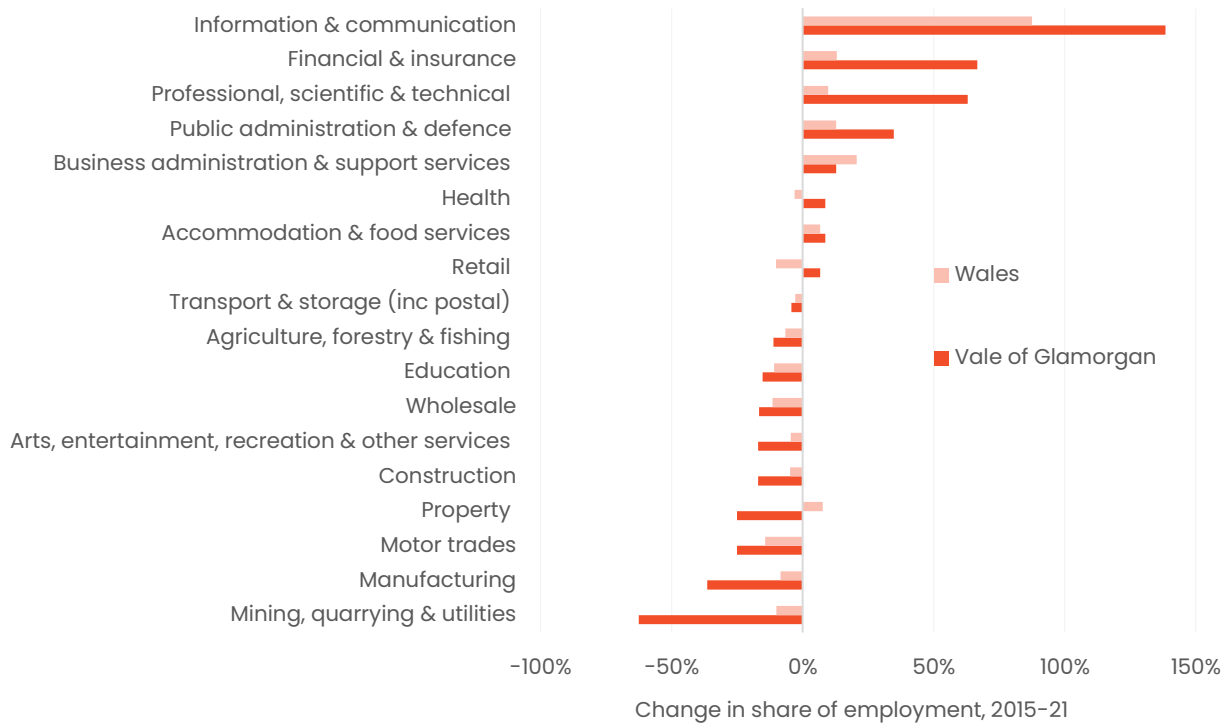
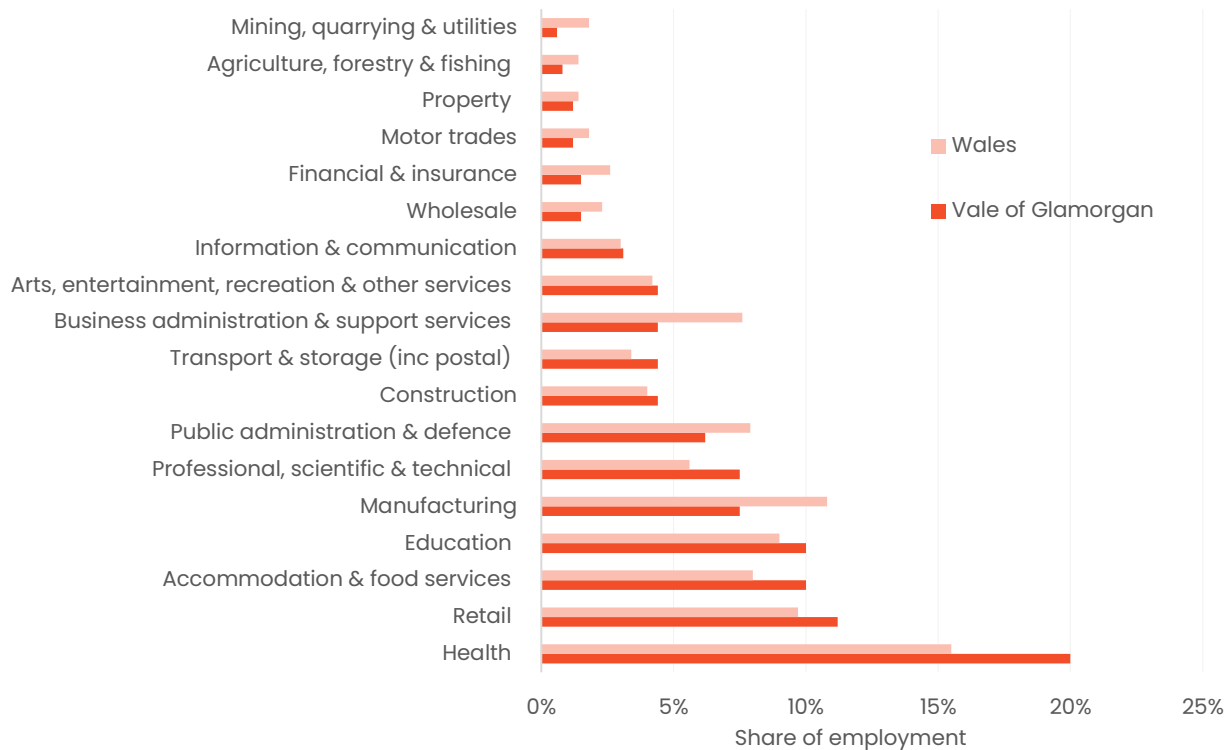


Figure 6: Share of employment by industry, 2021

Source: Business Register and Employment Survey



Despite these changes, employment in the Vale in many of these traditional sectors, such as manufacturing, remains above the average for the UK (9% to 8%). The decline of manufacturing in Barry can be exaggerated. As recently as 2020, Aston Martin opened a new factory in St Athan, within the Bro Tathan Enterprise Zone which is now employing over 700 people in well paid jobs.¹⁵ And last year Forward Waste Management opened new premises in Barry producing equipment for waste management and recycling operations across the UK.¹⁶ Harlech Doors, a large manufacturer previously based in Cardiff has also relocated to Barry, bringing further jobs to the area. But participants in our focus groups, particularly those from less affluent backgrounds, are still keen to see more manufacturing jobs brought to the town.

So what more can be done to bring skilled, technical jobs to Barry to compliment roles in the tourism industry? One attempt so far has been to position the Vale as a clean growth hub. In 2021, then-leader of the council Neil Moore outlined his ambition for the Vale to achieve this by investing in green technology.¹⁷ The Barry Growth Programme also includes an aspiration for the town to lead on decarbonisation.¹⁸ However, Barry's biomass burner, which began construction in 2015, has been unpopular with the local community, while legal problems resulting from the plant being built differently to approved plans have also been a source of local controversy.¹⁹

Third, many Barry residents working in professional jobs are employed in Cardiff and either commute in or work from home, with the town benefiting from its proximity and connectivity to the nearby city. While there is no specific data for Barry, the prevalence of commuting across the Vale of Glamorgan area is highlighted by the fact that average resident weekly pay for the local authority is £61 more than that of average workplace weekly pay, equivalent to 10% more.²⁰ Most Vale residents are commuters into Cardiff, Rhondda Cynon Taf, and Bridgend, even though the number of jobs per capita within 5 miles is greater in the Vale (45 jobs per capita) than in Rhondda Cynon Taf (24) and Bridgend (20).²¹ Participants in our focus groups told us that while there were lots of retail jobs in Barry, "you need to go to Cardiff for office or call centre jobs" while one local community leader told us that Barry "is and always will be a dormitory for Cardiff".

Looking at the number of jobs reachable within 90 minutes on public transport, it is clear that Barry and other eastern parts of the Vale disproportionately benefit from proximity to Cardiff. However, these benefits are not spread equally across Barry. Those living in the best connected LSOA within Barry can access 455,600 jobs within 90 minutes of travel, 24 times the amount that can be reached by those in the worst connected one (18,900 jobs). This is despite the town having significant transport infrastructure, including four train stations.

Figure 7(a): Jobs reachable within 90 minutes on public transport in the Vale of Glamorgan

Source: Onward Network Effects data, 2021

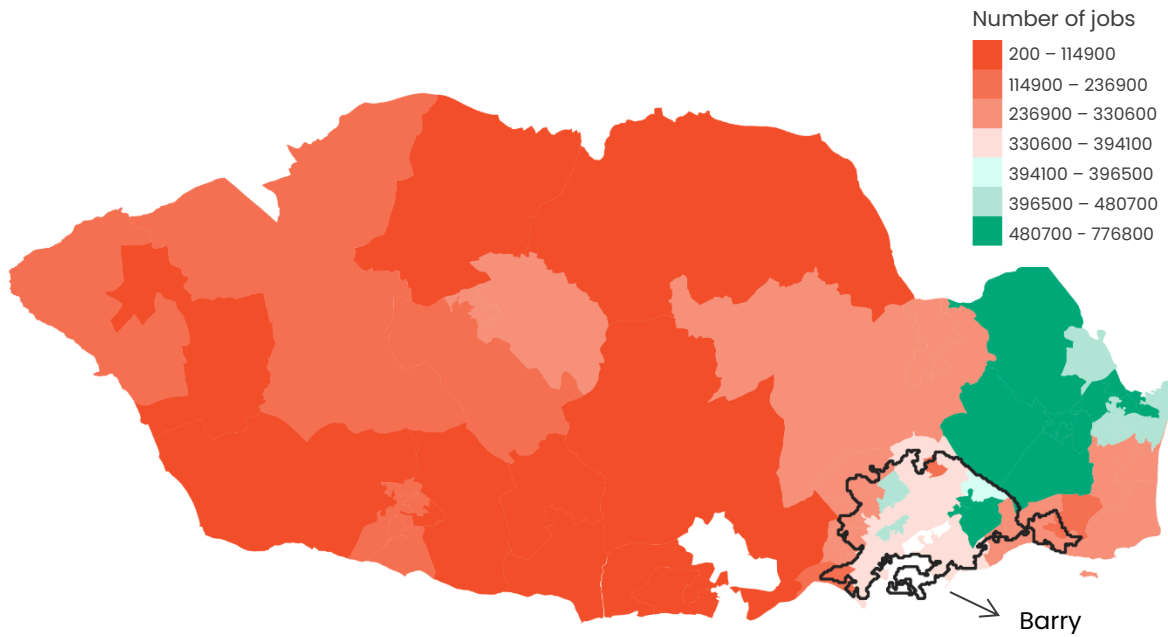
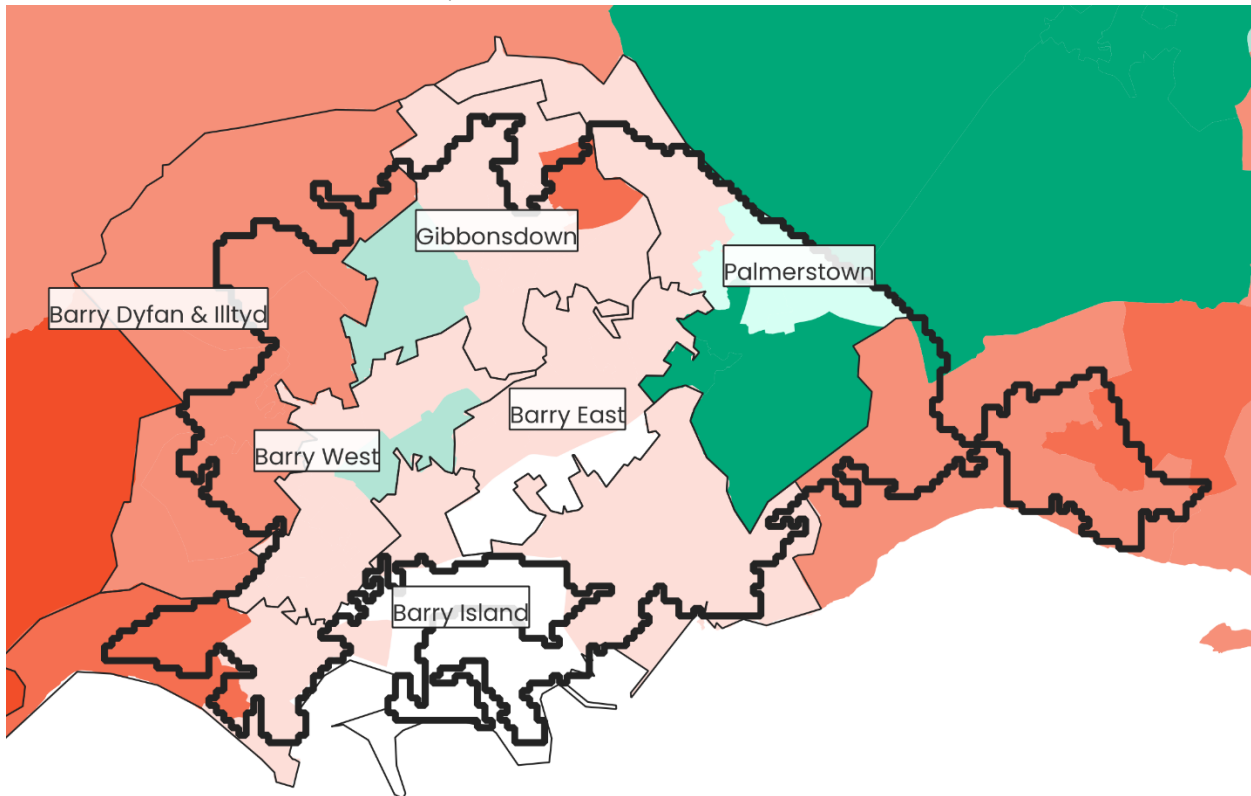


Figure 7(b): Jobs reachable within 90 minutes on public transport in Barry

Source: Onward Network Effects data, 2021



Levels of commuting in Barry and across the Vale is likely a result of the lack of high-skilled jobs: Rhondda Cynon Taf, Cardiff and Bridgend have more employment prospects in traditionally higher skill sectors. But data on change in industry mix over time shows that this shift to higher skilled jobs has gradually been happening in the Vale. This is also reflected in the NVQ Level qualifications data - the Vale has 49% of its population educated to NVQ4 or above, compared to 38% in Wales and 44% in Great Britain.

What might this mean for the levelling up playbook?

So there are three problems facing Barry's economy, which interventions should seek to tackle. First, Barry is not unlocking the full economic benefits of its position as a renowned tourism destination, due to a lack of overnight capacity. Second, Barry risks being overdependent on low-paid jobs in tourism and needs to diversify its economy and bring more skilled jobs to the area. Third, Barry is dependent on Cardiff for professional occupations, and can do more to help local residents to work remotely in order to boost access to these jobs. There are a number of actions that could help address these problems.

First, the local council could work to encourage more overnight visits to Barry in order to unlock even greater tourism spending within the town's economy. One way to achieve this would be to work with short-term letting platforms to better advertise options for staying in Barry, helping encourage more visitors to stay locally rather than in Cardiff. Airbnb, for example, is seeking to champion underlooked tourism destinations around the UK to spread the benefits of tourism more evenly across the country.²² While more short-term lets in the town could impact house prices, which are already growing rapidly, the Welsh Government's proposals for a licensing scheme for holiday lets will help clamp down on second homeowners misusing these platforms.²³ This would build on the work the Vale council is already doing in promoting Barry and signposting to existing accommodation via its website.

Second, more can be done to attract skilled jobs to the town. Companies offering skilled work are already increasingly coming to Barry and the Vale, as shown by the new Aston Martin manufacturing plant. The council could build on this record by working with the local college campus to strengthen links with potential employers. For example, the council could put on more regular career and job fairs in Barry, set up work experience programmes with skilled employers across the South of Wales, or create a careers role model scheme whereby skilled workers come to the local college campus to talk about their jobs, building on existing efforts in this area by large employers in the town. As the Careers and Enterprise Company have noted, UK literature suggests that career events are "consistently effective" in boosting young people's educational and employment outcomes.²⁴ And on job fairs specifically, international studies show that while attendance at these events "does not facilitate direct matches with a job-fair employer, attendance leads to a large increase in reported formal sector employment", suggesting they play a role in "encouraging individuals to move to the formal sector and for conveying information about labour market prospects."²⁵ Anything that builds links between the local college campus and skilled manufacturers will help showcase the talents of the people of Barry and help attract greater business presence in the area.

Third, the council could provide more workspaces within Barry. Broadly speaking, the people of Barry are relaxed about the town's developing position as a commuter hub for Cardiff. This is welcome, and recognises the reality that there will always be better job opportunities in a capital city like Cardiff than in smaller towns. But for those who would prefer to work within Barry rather than commute into Cardiff, the delivery of more workspaces within the town could help them work locally, increase footfall for the local high streets and boost the local economy. The plan to deliver more co-working spaces within the Mole development, as well as Simon Baston' Tramsheds, are steps in the right direction. One model for providing even more coworking spaces would be for the Vale council to buy up vacant high street units on Holton Road and offer them to a coworking provider rent free. This would build upon their existing work with Town Square to facilitate more co-working spaces across Barry and mirror action taken by other councils such as Leicester and Islington.²⁶

2) Spread opportunities and improve public services

"The A&E is open 9-3. So if you are going to break your arm, make sure it's before 3pm"
Leanne, social worker

There is a stark poverty divide within Barry. While the growth in tourism, skilled work, and commuting into Cardiff discussed above have benefited Barry's economy, these benefits have not been spread evenly. The west of the town is much more affluent, including Barry Island, with its tourist attractions and cafe culture. By contrast, the east is far more deprived, with high concentrations of social housing and empty high street stores. Many residents we spoke to also pointed to this geographical divide within Barry, with some describing Gibbonsdown area in the North East as "one of the most deprived areas of Wales".

Despite levels of deprivation, Barry has not benefited from economic development investment in the same way that other areas of Wales have done, due to the town being within the boundaries of the affluent Vale of Glamorgan County Council. As local MP Alun Cairns has pointed out, West Wales and the Valleys have received more than £5 billion from the EU since 2000 but the town has missed out because the Vale's affluence has meant Barry did not qualify as a priority area.²⁷

This divide is highlighted by data on educational and health deprivation for the town. Comparing Barry with the Vale of Glamorgan more broadly highlights that educational and health deprivation is much more prevalent in the town than the rest of the Vale. For example, across the Vale just 3 of the 79 LSOAs (4%) are in the top decile for education deprivation in Wales, but all 3 of these are in Barry. There is a similar trend for health deprivation, with the most unhealthy areas of the Vale concentrated in Barry.

Figure 8(a): Education deprivation in the Vale of Glamorgan

Source: Welsh Index of Multiple Deprivation, 2019



Figure 8(b): Education deprivation in Barry

Source: Welsh Index of Multiple Deprivation, 2019

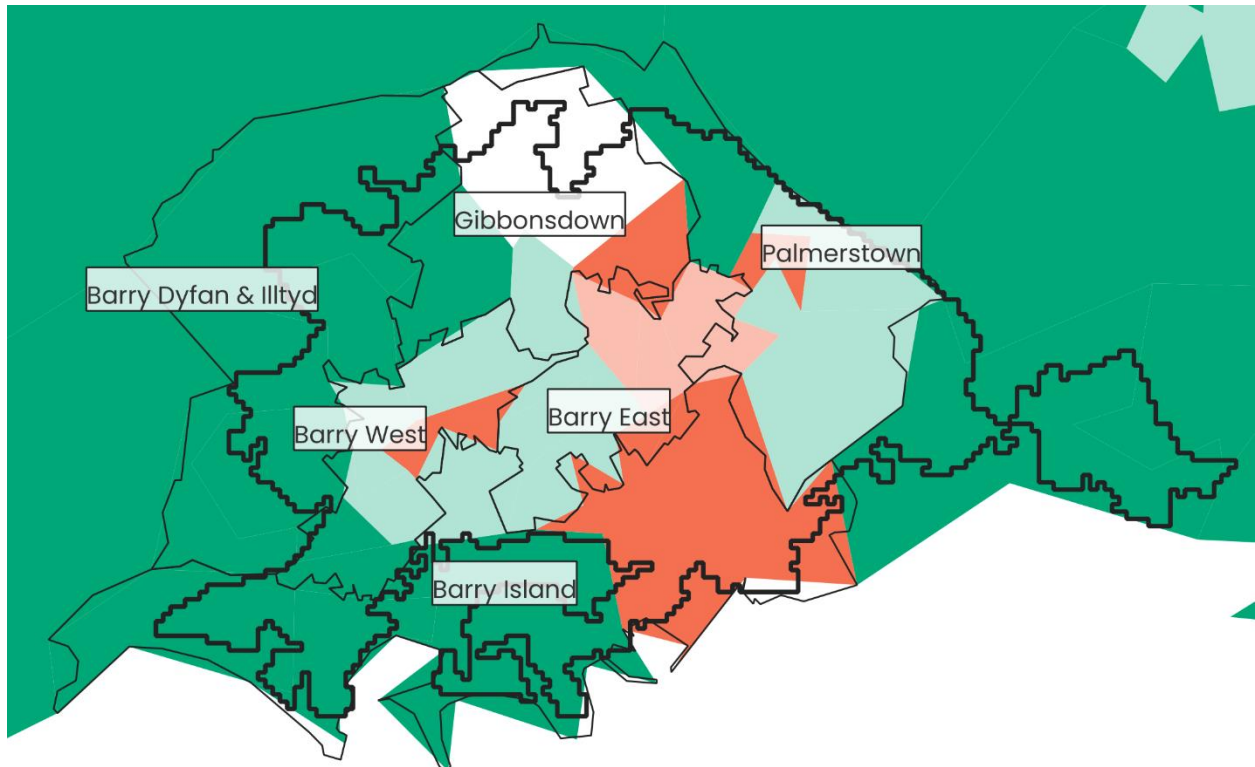


Figure 9(a): Health deprivation in the Vale of Glamorgan

Source: Welsh Index of Multiple Deprivation, 2019

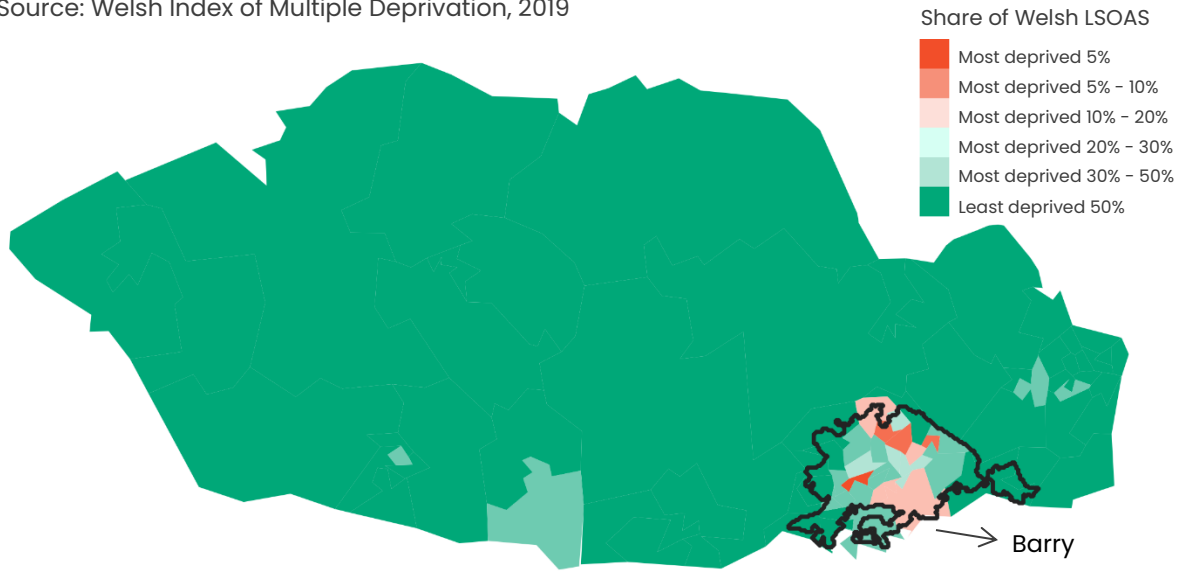
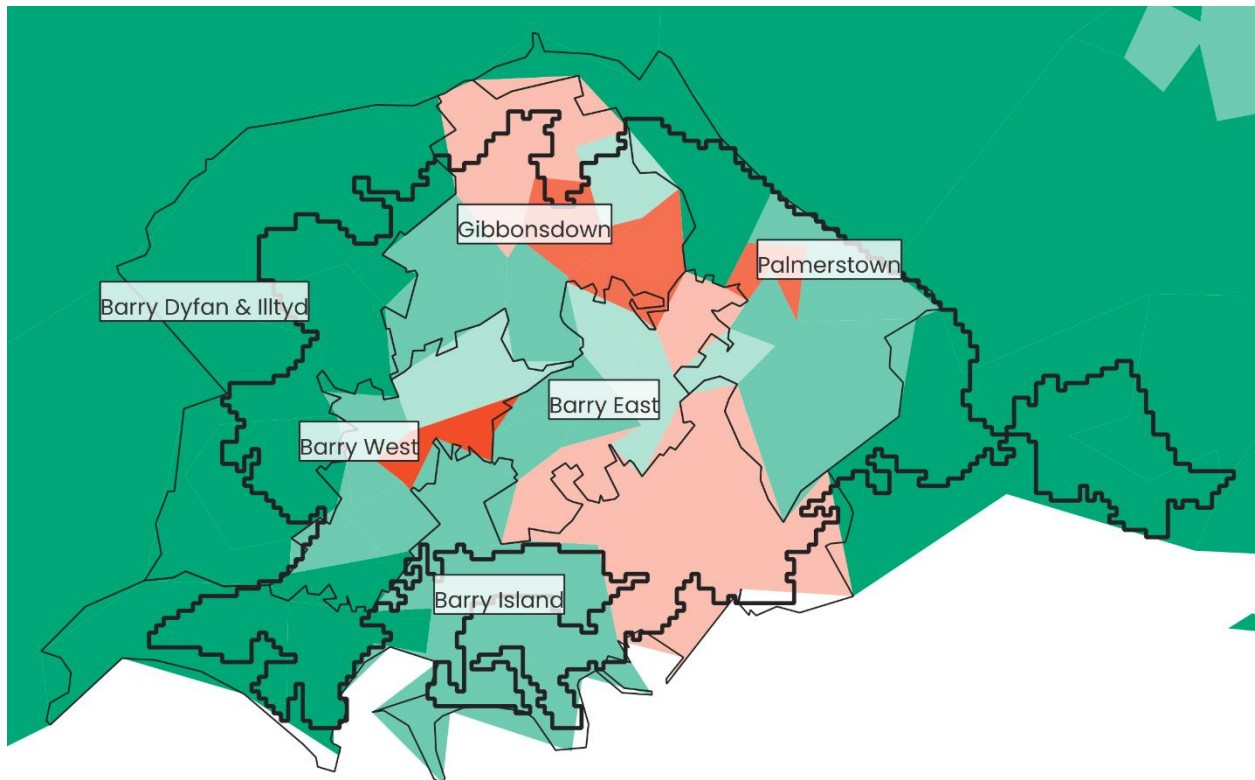


Figure 9(b): Health deprivation in Barry

Source: Welsh Index of Multiple Deprivation, 2019



Higher levels of health deprivation within Barry are matched by resident concerns about health services in the town. A number of participants in our focus groups criticised the decision to close the local A&E, claiming that it made it harder to access care in the event of an emergency. While Barry Hospital does host a Minor Injury Unit, this is only open between 9am and 3.30pm on Mondays to Fridays, in contrast to the 24/7 service of an A&E department.²⁸ Some residents expressed concerns that they would have to drive to a neighbouring town in the event of an emergency in order to receive care. Regardless of the clinical case for the closure, which may have merit, this reduction in public confidence is concerning.

By contrast, public confidence in Barry's education system was much higher, with participants in our focus groups noting the strength of local schools. There appears to be very little divide in school quality between the East and West of Barry. For example, Barry Island Primary, in the more affluent West of the town, received three "Excellent" and two "Good" ratings at their last official inspections, the same as that of Cadoxton Community Primary in the East of the town.²⁹ Indeed, local people reported that problems in specific schools across Barry were less to do with deprivation or geography, and more to do with certain schools having poor leadership.

Barry has also benefited from the 21st Century Schools Programme, a collaboration between the Welsh Government and local authorities to provide a long term strategic investment in educational estates across Wales. Through this programme, the Welsh Government, Vale Council and others are investing £130 million in expanding or rebuilding schools across Barry.³⁰

Opportunities for a high-quality technical education in Barry have also improved in recent years. In 2015, the local college Cardiff and Vale College opened a new campus in the centre of Cardiff to cater to 4,000 students as well as thousands more on apprenticeships, short courses, and employer training.³¹ The college is also planning to open a new campus on Barry Waterfront to replace its existing campus in the town on Colcot Road. A new Advanced Manufacturing Centre for the College is also being set up by the nearby Cardiff Airport, which will help support the aerospace and automotive sectors in the area.³² One local we spoke to suggested that the renewed success of the College and its expanding presence in Barry was instrumental in influencing Aston Martin's decision to open their new nearby factory in 2020.

What might this mean for the local playbook?

The council and public service leaders have done a lot to date to improve the quality of Barry's public services. There are two remaining areas where efforts should be focused. First, more needs to be done to restore public confidence in health services. Second, steps should be taken to improve educational attainment in specific schools which struggle with poor leadership. There are two actions that could be taken to achieve these aims.

First, the Vale council could work with local health leaders to improve health services within Barry. To a certain extent, this is already happening, with the Vale council currently working with the Cardiff and Vale University Health Board to restore a local medical centre, the Broad Street Clinic,

which was in danger of shutting down.³³ The council could explore using vacant stores on the high street to serve as community clinics or diagnostic hubs to increase the visibility of services. Steps such as increasing social prescribing or investment in community health services could also provide health support to individuals that are likely to be harder to reach for statutory services. Actions such as these will help restore Barry residents' confidence that they can access health services within the town.

Second, the council should ramp up support for schools struggling with poor leadership. One option to help achieve this would be to encourage greater mobility for senior teachers, including head teachers, between schools across the town. Those teaching at the more successful schools could be encouraged, potentially using financial benefits, to relocate to some of the less successful schools, to improve teaching there. This would mirror the national scheme seeking to encourage teachers to move to more disadvantaged schools.³⁴ It would also build on the existing scheme where each school in Barry has a shared Challenge Adviser from the Central South Consortium (a joint education service for local authorities in South Wales) to raise standards and share best practice.³⁵

3) Restore a sense of community, pride, and local belonging

"When it was the Queen's Jubilee there were street parties. You wouldn't get that if there was no community spirit"

Lynn, retired NHS administrator

Barry residents are overwhelmingly positive about their town, with locals reporting a strong sense of both pride in place and community, and relatively low levels of concern about crime and anti-social behaviour in the area. This starkly contrasts with some of the other areas which Onward has visited as part of this Levelling Up in Practice programme. So what is driving these high levels of pride, community strength, and low levels of concern about crime?

First, local people in Barry reported a strong sense of pride. This was particularly prevalent within our focus groups, with one woman, stating that "if anyone outside of Barry criticises Barry, I get quite defensive". Asked to describe Barry, participants stated they had "nothing but positive" things to say, that the town had "potential" and was "vibrant", and had started "going in the right direction". One of the aspects of the town that residents were most proud of was the local football team, Barry Town United F.C., with many locals raising the fact that the team had played in Europe after winning the Cymru Premier and Welsh Cup during the 1990s and 2000s. Other residents pointed towards the natural beauty of Barry and its beaches as a source of local pride.

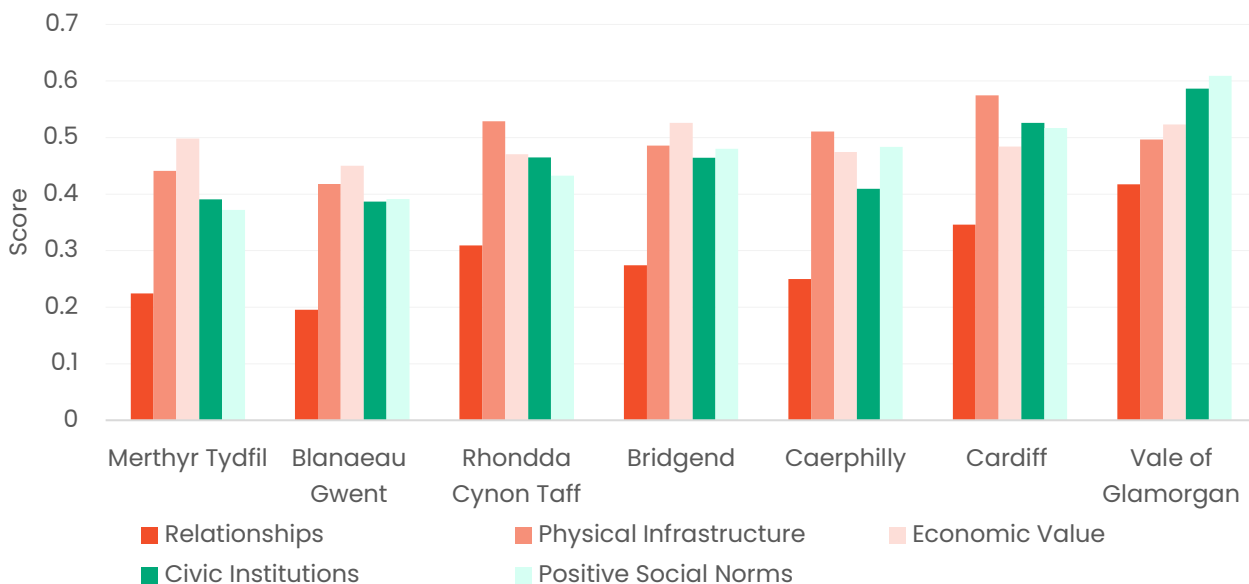
Second, on community strength, most residents we spoke to said that Barry benefited from strong community ties, although locals from lower income backgrounds were less likely to report this. Participants in our focus groups cited a variety of shared community experiences in the area as strengthening community ties and belonging. These included the local music festival "GlastonBarry", held annually since 2013, and the Barry Festival of Light, a fireworks display organised annually by the Vale county council and the local Barry Town Council which attracted almost 12,000 visitors in

2021.³⁶ Other residents raised the local Sea Cadets for young people, the male voice choir, and the war museum as other important community institutions. However, a few residents from less affluent backgrounds said that while there had been a strong sense of community in the past when everyone knew one another, an influx of new residents over recent years had diluted this.

This strength of community in Barry is highlighted by data from Onward’s Social Fabric Index. Data from the index shows a Vale of Glamorgan score of 5.3 compared to a 4.6 average for Wales and well above the 4.4 figure for the neighbouring local authority of Rhondda Cynon Taf. This high score is primarily driven by the strength of relationships, positive social norms, and civic institutions in the Vale, all of which are higher than those in neighbouring local authorities.

Figure 10: Social Fabric Index scored for local authorities across Southern Wales

Source: Onward Social Fabric Index, 2020



That said, Barry residents did report concerns about one of the most regular sources of community strength and pride that a place can have: the local high street. Barry is home to two different high streets in the town, one in the more affluent western part of Barry and another, Holton Road, in the more deprived eastern area. The former remains fairly vibrant, with relatively few vacant stores and high levels of independent businesses. But the latter, Holton Road, is struggling with high vacancy rates and participants in our focus group described the high street as a “disgrace” and said that it was “dying”. Data from the Vale of Glamorgan shows that vacancy rates on Holton Road are around twice that of the main high street. That said, the vacancy rate for Holton Road (18%) is only marginally more than the average for Great Britain (14%).³⁷

Table 1: Commercial vacancy rates in Vale of Glamorgan high streets.

Source: Vale of Glamorgan Council

| Year | 2021 | 2022 |
|-----------------------------------|-------------|-------------|
| Barry (High Street/ Broad Street) | 4% | 8.9% |
| Barry (Holton Road) | 14% | 17.7% |
| Cowbridge | 11.6% | 9.7% |
| Llantwit Major | 3% | 6.9% |
| Penarth | 2.3% | 3.9% |

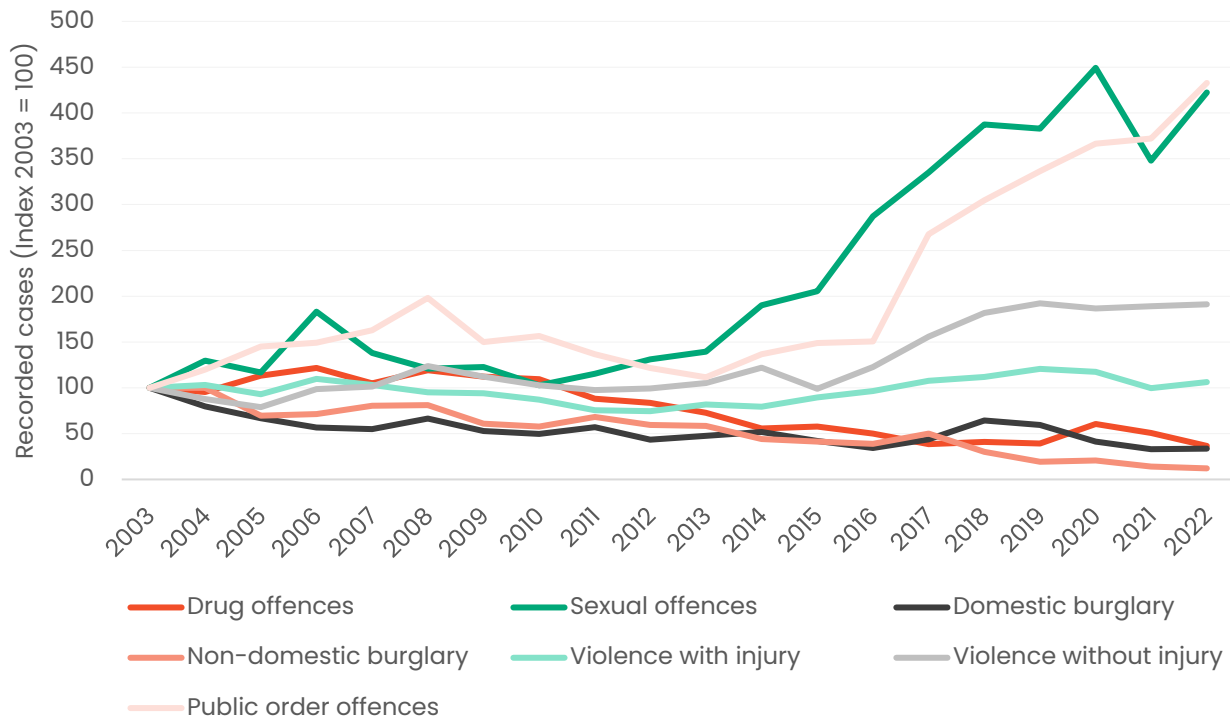
Finally, on crime, there is relatively little concern about criminal activity and anti-social behaviour in the area. A few locals did complain about the prevalence of drug use in “rough pockets” of Barry. Others noted the importance of their kids living in a safe area and expressed a desire for more police officers in the town. However, these concerns were far less prevalent than those expressed in other areas of the country as part of Onward’s “Levelling Up in Practice” programme.

There were a few different explanations put forward by locals to explain the relative lack of crime and anti-social behaviour within the community. One resident pointed towards the role of Superintendent Colin Jones of the Vale of Glamorgan police division in helping reduce crime in the area during the 1990s, who was honoured with a Queen’s Policing Medal in 2003 for his services.³⁸ Other locals argued that there had been a strong and anti-social drinking culture in the town in the 1980s which had contributed to Barry’s decline as a tourism destination, but that this had been curbed by Public Space Protection Orders preventing drinking in public spaces on the island that were introduced in the last decade.³⁹

That said, official data from across the Vale of Glamorgan suggests that there has been a fairly large increase in some kinds of crime over the last decade. Violence without injury doubled between 2008 and 2018, with similar increases in public order offences. The number of shoplifting offences also increased by almost 50%. By contrast though, drug offences, cited as a particular problem in Barry, more than halved. These results suggest that the Vale-wide data may not be representative of what is happening in Barry.

Figure 11: Reported cases of crime in the Vale of Glamorgan (Index 2003 = 100)

Source: Home Office police recorded crime, 2003-22



Overall, there is a strong sense of comfort with the direction of travel for Barry. Locals tended to be fairly confident about the future of the town. For example, one local community leader told us “we’ve become a commuter town for Cardiff” but that it was “an advantage to be in the shadow of Cardiff”. Another local community leader told us that being so close to Cardiff used to be seen as a negative but not anymore, due to the pandemic allowing people to work remotely. However, some of those from lower socio-economic backgrounds in our focus groups were more concerned that the town’s identity would suffer from further influxes of people. One local told us that “When I grew up in Barry, I knew everyone and everyone knew me. Now the influx from the Valleys means you can walk up the high street and nobody knows you”.

What might this mean for the local playbook?

There are three problems in Barry’s sense of community that could be addressed. First, while most Barry residents report a strong sense of community, not all do so and greater action could be taken to find ways to bring locals together. Second, while the high street in the more affluent western part of town is a source of local pride, the Holton Road high street in East Barry is still struggling. Third, there is growing concern about crime within Barry, despite crime rates remaining low. There are a number of actions that could be taken to address these challenges.

First, the local councils and the local community could deliver more regular community events. Barry residents frequently mentioned the role of events such as the Barry Festival of Light in

bringing the community together. However, most of these annual events, with the notable exception of GlastonBarry, tend to occur in the autumn months of the year. For example, the majority of big community events, as shown on the local Barry Town Council website, occur in November and December.⁴⁰ More signature community events in the winter and spring months could help more people feel connected to the community all year round. Barry Town Council could organise Nature Days during the Spring months, like Matlock Town Council and Eynsham Parish Council have done.⁴¹ They could also take part in the Great Get Together initiative, which helps communities across the UK put on events to tackle loneliness at the end of June each year, bringing millions of people together.⁴²

Second, further action can be taken to support the high street. While the high street in the more affluent West of Barry is thriving, the large number of empty stores on Holton Road is damaging local pride in the East of Barry. The Vale council has already taken action to support the high street, including spending £600,000 in upgrading the shopfronts of commercial properties on Holton Road, as well as nearly £1 million on residential property refurbishment to improve the look of the area.⁴³ Perhaps the most successful and imaginative intervention taken to support Barry's high street stores in recent years has been the Vale Council's "Meanwhile Uses" pilot. This project supported 23 micro-businesses to temporarily occupy a vacant store, giving them the opportunity to test the market and gain experience, while adding to the vibrancy of the high street.

But the local council could go further by working with businesses in the area to create a High Street Buyout Scheme, a shared pot of funding that community groups could borrow from to take ownership of empty stores. Such a scheme could work in a similar fashion to proposals from Power to Change for a nationwide High Street Buyout Scheme, and build on the investment the council has already made in the area.⁴⁴ It could be funded through a combination of council revenue, contributions from local businesses, perhaps through a new local Business Improvement District, and charitable donations from local philanthropists. Funding raised in these ways could also be used to invest in an expanded and longer-term version of the "Meanwhile Uses" programme.

Third, the Vale council could support a community-led focus on crime and anti-social behaviour in Barry. Barry residents are keen to see a greater police presence in Barry, to deliver a stronger sense of security from crime. To deliver greater security, the Vale council could seek to boost community-led crime prevention. This could be achieved by encouraging more households to join the Vale of Glamorgan Neighbourhood Watch, which is active in Barry.⁴⁵ The council could also work with the local police force to initiate a recruitment drive of Special Constables in Barry, helping to reverse the 30% decline in the number of Special Constables across South Wales in the last decade.⁴⁶ There is clear evidence that community action to reduce crime works, with a College of Policing study finding that for every 100 crimes committed in the UK, a further 15 are prevented by Neighbourhood Watch schemes.⁴⁷

4) Empower local leaders and communities

“The council say they will do this, this and this, and then they don’t do it because they realise they don’t have the funding”
Alice, public sector official

That there is such comfort locally with the direction of travel for Barry is a testament to how far the progress made within the town over the last two decades has been driven by the community. Above all, there have been two crucial forums through which the local community has played a role in setting the agenda for the regeneration of the town.

First is the local “Pride in Barry” group. Set up in 1994 as a group of around 30 locals passionate about their place, Pride in Barry would regularly meet with local councillors to pass on their views on priorities for regenerating the town, with the group given seats on the independent portion of the council’s regeneration board. This link between local government and the local community was an important aspect in driving the regeneration of Barry forward. As part of their role scrutinising the regeneration of the town, Pride in Barry also kept a “Barry Balance Sheet” comparing what developers have delivered for Barry. At one point the group succeeded in getting all the local parties to sign up to their plans for the regeneration project, to ensure it did not become a political football.

Second, is Focus Barry. This group also offered a platform for local community groups to come together between 2009 and 2020. An example of its role in harnessing community power was the group’s involvement in local protests against the unpopular biomass plant, discussed above. Focus Barry also used to run local hustings for elections in the area, providing a platform for Barry residents to scrutinise the candidates.

Even looking beyond these two community groups, the extent to which local residents in Barry felt a strong sense of responsibility for their place is striking. In our focus groups, a number of participants raised the role of local people in improving Barry. One argued against Barry becoming a “dependent society” and argued that “if you want to live in a nice place, you need to do your bit”. Another participant stated that levelling up was “our responsibility” but that the local council was still accountable.

But despite the role that community groups have played in working with the Vale of Glamorgan County Council to help make the regeneration of Barry a success, local people had mixed views about the Vale Council. A number of participants in our focus group reported a degree of scepticism about the council’s ability to level up Barry, with one going so far as to say “the biggest problem in Barry is the council”. This scepticism appears to have been driven by a handful of unpopular decisions taken by the council, such as filling in the local swimming pool and reducing road capacity by adding bike lanes. Some locals also complained that public consultations by the council were not genuine and were a tick box exercise. Finally, a few local residents said that the decision by a

number of councillors elected as Conservatives to switch to independent in 2019 and allow in a Labour administration, had damaged trust, and that frequent changes in the council's political complexion had led to frequent shifts in the council's approach.

Alongside the Vale of Glamorgan County Council, a small number of powers rest with the local community council, Barry Town Council, who manage two community centres, green spaces and a number of events within the town.⁴⁸ Despite this, the town's residents appear to underestimate the responsibilities which Barry Town Council has, with many locals telling us that the council only provides cemetery services. This suggests that the town council could do more to raise awareness of its role within Barry.

Finally, it is worth noting that the efforts of both local community groups and the Vale Council to improve Barry have been supported by the Welsh Government. Locals told us that the devolution of powers to the Welsh Government in 1998 had made it far easier for Barry to secure financial and institutional support by bringing locals closer to policy makers. Examples cited included Welsh Government funding for Vale Council initiatives like the "Meanwhile Uses" pilot and the Pride in Barry group successfully using the Senedd's Petitions system to secure £9 million for the regeneration of Barry Island in 2009.⁴⁹

What might this mean for the local playbook?

Barry is already fortunate to have an empowered community and local council, which have been instrumental in driving the regeneration of the town. But there are two main challenges on empowerment facing Barry. First, there is a lack of local champions for the deprived eastern parts of the town, particularly for the local residents and businesses around Holton Road. Second, there is a perception that local people do not have a say over what the Vale council does in Barry, because of a lack of trust. There are two actions which could be taken to address these issues.

First, more can be done to channel community engagement into more formal institutions, to give local community leaders more influence. For example, the role of local business owners in improving Barry could be strengthened if they were to create a new Business Improvement District across Barry. This kind of body, which raises money via a levy on local businesses, would raise funding to invest in further improving Barry. Locals told us that there had been some past interest in creating a BID in the town centre, but that this had failed to get off the ground.

One of the main issues that a local BID could seek to address would be the deprivation of the Holton Road high street. Some of the funding raised through the organisation could be used to invest in bringing empty stores on the high street back into profitable use. This would follow the example of other pioneering BIDs, such as one in Sunderland, which is involved in a high street regeneration programme which seeks to cut empty retail unit numbers by 20%.⁵⁰

Second, the Vale of Glamorgan council could seek to improve its links with the local community in Barry. Given the perception that the council changing hands has led to changing approaches to

Barry, the council could try to build a cross-party consensus around regeneration projects in Barry, in order to restore community trust. In practice this could mean the council leaders working with their opposition counterparts to identify areas of disagreement over their recently published Barry Growth Plan, being willing to tweak parts of the plan to get opposition support, and councillors from both parties then releasing a joint statement endorsing the Plan and committing to retain it after the next set of elections (2027), no matter who wins control of the council. The council has already made a strong start on this via the Barry Place Board.

Conclusion

“Barry will be a better place in five years”
Andy, franchise consultant

Barry is an example of how a local community can level itself up, with only limited intervention from Westminster. From the Vale of Glamorgan Council and the local community’s lead in regenerating the town’s Waterfront, to the role of local entrepreneurs in investing in the local area, Barry is showing the way when it comes to levelling up. Of course, the town has been incredibly lucky to benefit from the “Gavin and Stacey Effect”. But the role of local businesses in capitalising on this, like Marco’s cafe on Barry Island, is just as important.

That this process began with the local council and community groups like Pride in Barry working together over the last 30 years has embedded a collaborative approach within the social fabric of the town. So too have the local council and the community shown a maturity about the future direction of their town and the inevitability that it will increasingly become economically linked to Cardiff. This collaborative and mature approach to the future of Barry has made it much more likely that the town’s regeneration will continue in the long-term.

But there is still a lot of work to be done in Barry. More can be done to improve the local economy, by capitalising on the benefits of tourism at the same time as diversifying by bringing more skilled jobs to the area. Health services and education within the town can still be improved. Action is still needed to support the local Holton Road high street and to give the people of Barry a greater sense of security from crime. And local community groups and the local councils can still work together better.

The progress being made in Barry is a testament to what local people can achieve when the community’s social fabric is strong, and local people care about their place. Other towns and communities across the UK who are keen to get on with improving their place but don’t know how effective they can be without central government support should look no further than Barry.

Acknowledgements

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Appendix 1 – Focus Groups

This is a short overview of two focus groups that Onward moderated in Barry on the evening on 25 August 2022. Participants were from the socioeconomic group BC1 in the first group and C2DE in the second, with all of them living within Barry.

1. How do people define levelling up?

- Participants in both groups had awareness of what levelling up meant. People spoke about levelling up in the political sense, describing it as what “Boris has been saying” and the “Tory slogan in the last election”. But they were also aware of the economics of the phrase, with participants noting it referred to “making the North as equal as the South” and “trying to make everyone as affluent as the South East”. A couple of participants in the C2DE group said they did not recognise the phrase until others started talking about it, but then it jogged their memory.
- In both groups there was a good deal of scepticism about the Government’s aims and their ability to deliver. This was strongest among C2DEs participants, with one participant, Lorraine, talking about levelling up being a “checkbox exercise” designed to get votes in the North of England while Mark, a contractor, argued “they are not levelling us up, they are doing the opposite”. Among BC1s, the scepticism was more moderate, with one participant noting that “If they did it, it would be great! But you have to out some action to it”
- When it came to what levelling up meant for Barry, both groups discussed the need for greater support for the local high street, with participants describing the high street as a “disgrace” and arguing that the local Holton Road high street was “dying”. People in the B1C group also noted the need for greater road capacity and local infrastructure, while those in the C2DE group discussed the prevalence of drug use. While C2DEs argued there was a lack of jobs in the area, this was not raised in the BC1 group, with many of these participants working in Cardiff or from home.
- Many of the participants in the BC1 group were more positive generally about the future of Barry. One person noted the local waterfront regeneration project as an example of levelling up in action. Another participant, a contractor called Mike, said “I don’t think it’s as bad as people think by any stretch” and that there were “lots of positives for Barry” but “like any area, there are always things that can be improved”.

2. How do people feel about how their place could be improved?

- When asked what makes a good place, participants cited a number of characteristics, focused around four aspects:
 - *Natural resources.* Participants raised the importance of green spaces like parks and local woodlands. With Barry in mind, both the BC1 and C2DE groups raised the natural beauty of Barry’s beaches, with Connor, a warehouse worker in the latter group, noting the town’s “cracking coastline”.

- *Community facilities and experiences.* The important role of community facilities was noted by both groups, with a particular premium placed on amenities like cafes and a vibrant high street. Participants also noted the importance of activities “to keep the youth off the street”, such as bowling and the cinema. Both groups cited shared community experiences that bring people together, with one participant referencing the local music festival, “GlastonBarry”, as an example.
- *Strong infrastructure.* Both groups raised the importance of local infrastructure, including reliable public transport, well-maintained roads, and affordable, high quality housing. Participants in the C2DE group also raised the availability of public toilets and free parking.
- *Job opportunities.* While both groups raised the issue of work, this featured more heavily in the discussions of the C2DE group. Ben, a process engineer in the latter group argued that “if you want a half decent salary in Barry you’ve got no chance”, while another participant suggested that Barry was “basically a suburb of Cardiff”.
- When pressed on what mattered most for a good place, participants noted the importance of a good sense of community and a sense of local pride. Local pride seemed to be strong among the participants, with Leanne, a social worker, stating that “if anyone outside of Barry criticises Barry, I get quite defensive”. There was a more mixed response as to the depth of community feeling in the area. The contractor Mark stated that in the past everyone knew each other but now the influx of new residents had removed this sense of community, while Lynn, a retired NHS admin, countered that recent Jubilee street parties were a signal of community strength. Participants also noted the importance of living in a safe area, with a couple of participants noting that they wanted their “kids to feel safe” and that more police officers and PCSOs would help achieve this in Barry.
- Participants were then asked what sort of areas in particular had these aspects that made a good place. The BC1s group tended to note areas nearby to Barry, such as Cardiff, Penarth, as well as rural areas in the South West, including the Cotswolds. However, this was not universal, with the social worker Leanne stating she “would personally rather put needles in my eyes than go to Cardiff”. The C2DEs group also mentioned the South West, including Bournemouth and Ilfracombe, alongside areas further afield, such as London and the South of France.
- Asked to describe Barry, both groups were largely enthusiastic. Participants in the BC1 group stated they had “nothing but positive” things to say, while those in the C2DE group said the town had “potential”, was “vibrant”, and had started “going in the right direction”. Among the latter group, though, a few participants stated that Barry was overpopulated.
 - *What Barry does well.* Many participants raised the natural beauty of Barry, from the beach to local parks. On economic opportunity, the BC1 participants raised good transport links into Cardiff, allowing them to access job opportunities, while both groups noted the strength of local schools in Barry. Both groups also mentioned firework displays as an example of the kind of community activities that brought Barry together, while BC1s cited the local Barry football team, which had played in Europe.

- *What Barry does poorly.* Both groups pointed towards the decline of the high street, with the BC1s noting that many of the independent stores did not last long, as well as a lack of health facilities, following the recent closure of the local A&E. BC1s and C2DEs alike raised the issue of a lack of job opportunities in the local area, but differed on the extent to which Barry was a place in which you could succeed. Alice, a civil servant in the BC1 group suggested that “You can succeed here, but you’d need to commute if you wanted an office based job”. By contrast, those in the C2DE group agreed that if you wanted to get ahead in the private sector you would have to move away, although there were some good public sector jobs in the area, such as teaching. Other negatives raised by the BC1 group included the West / East poverty divide in the town, a lack of activities to bring families and communities together, and declining water quality in the sea.

3. Who is responsible for Barry’s fortunes?

- Participants were then asked what sort of areas in particular had these aspects that made a good place. The BC1s group tended to note areas nearby to Barry, such as Cardiff, Penarth, as well as rural areas in the South West, including the Cotswolds. However, this was not universal, with the social worker Leanne stating she “would personally rather put needles in my eyes than go to Cardiff”. The C2DEs group also mentioned the South West, including Bournemouth and Ilfracombe, alongside areas further afield, such as London and the South of France.
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4. What would people do to level up Barry?

- Participants were then asked about what they would do to level up Barry if they had the power to do so. Responses centred on four aspects:
 - *Lived environment.* Both focus groups stated that they would prioritise improvements to the appearance of the town by investing in the high street and seeking to attract new businesses and stalls. The BC1s group also suggested money be spent on improving the appearance of the deprived parts of Barry, by planting trees, flowers and hanging baskets, so as to attract more visitors to that area of the town.
 - *Crime and anti-social behaviour.* Again, both focus groups called for a greater focus on community policing in Barry. Participants in the BC1 group suggested that a greater community police presence could reduce anti-social behaviour and improve local businesses. Those in the C2DE group argued that community policing would better safeguard children and deter crime, and complained that the police presence in Barry had decreased in recent years.

- *Activities.* The BC1 group were keen to see Barry provide more family-oriented activities such as paddle-boarding, cinemas, and bowling. While participants acknowledged there were often these kinds of activities available in nearby Cardiff, there was a reluctance to visit the city among commuters: one said that “after I’ve been working in Cardiff all week, the last thing I want to do on weekend is to go back into Cardiff”. Others noted they wanted to “spend our money in our town” rather than in Cardiff.
- *Jobs.* The C2DE focus group called for a greater focus on job opportunities, suggesting a focus on opening up new working spaces and trying to attract a new manufacturing company to provide jobs.
- Finally, participants were asked how optimistic they were about Barry’s future. Participants in the BC1s group tended to be fairly confident about the future, with the franchise consultant Andy saying that “based on the last ten years, yeah I think the next ten years will be better”. Although another, the database administrator Mark, said they thought that in 15 to 20 years Barry would just be a suburb of Cardiff. By comparison, the C2DE group was much more negative, with participants stating that Barry would get worse as the density of people in the are continued to grow.

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**Senedd Economy, Trade and Rural Affairs Committee Consultation
Post-EU regional development funds
Institute of Welsh Affairs Response
21 April 2023**

About the IWA

We are a think tank and charity, independent of government and political parties. By bringing together experts from all backgrounds, we conceive ambitious and informed ideas which secure political commitments to improve our democracy, public services and economy.

We provide platforms for debate, opportunities for people to make their voices heard and agenda-setting research. We are funded by our members, income from our events and training sessions, and supported by trusts, foundations and other funding bodies. We are a proud signatory to the Zero Racism Wales pledge, a Living Wage employer and hold NCVO Trusted Charity Mark Level One.

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Introduction and context

The IWA has been an influential and important voice throughout key moments in Wales' recent economic history, from the post-industrial transition and the establishment of devolution onwards. Our work has helped to progress and shape the development of distinctive approaches to economic development, from the formulation of the South Wales Metro to the potential for smart technologies and the economic opportunities of green energy.

The UK Government's 'levelling up' agenda, in conjunction with Britain's exit from the European Union, represents a new chapter in Wales' economic history. Depending on your political persuasion, it represents either an opportunity or a threat. At the very least, it has reintroduced and sped up the discussion on the effectiveness of the devolution settlement, casting a particular focus on fiscal power, sovereignty and Wales' deep and long-standing economic challenges.

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

From the most recent funding programme, between 2014 and 2020, the UK as a whole was allocated around £9.7bn¹ from European Structural Investments (ESI), supplemented by an additional £7.2bn in domestic 'match funding'. West Wales and the Valleys were eligible for the highest amounts of European Regional Development Fund funding for successive seven-year programmes, as determined by these regions Gross Value Added per capita being less than 75% of the EU average at the start of this period.

From an incoming funds perspective, Wales undoubtedly did well out of ESI funding, with £123 per person per year coming to Wales². This is far above other UK nations, with Northern Ireland getting £50 per head, Scotland £40, England £24, with a UK average of

¹ [Institute for Government, 2018, Explainer: European structural funds: the UK Shared Prosperity Fund](#)

² [House of Lords Library, 2021, Brexit: Replacing EU funding in Wales](#)

£31³. Wales received on average £400 million per year from ESI between 2014 and 2021. As a result of its demographics and with an older, poorer and less healthy population, Wales therefore received a large amount of funds from the EU, and in fact did the best out of all UK nations. How EU funds are replaced by the UK Government is therefore felt distinctly intensely in Wales.

However, did ESI funds help transform the Welsh economy? That's up for debate. There are mixed reports from the House of Commons Welsh Affairs Select Committee, which found that whilst 'certain sectors in West Wales and the Valleys have benefitted from ESI funding, these funds have not been able, and were not expected on their own, to deliver a transformative change for the Welsh economy' with Wales still economically lagging behind other regions of the UK and the EU⁴. There is, however, an obvious lack of a counterfactual. Where would Wales' economy be without ESI funding? The same Committee report also highlighted how it is clear that individual sectors of the Welsh economy have benefited substantially from ESI, with investment in infrastructure running into hundreds of millions of pounds⁵. Welsh Government has said that EU funds supported the creation of 48,000 new jobs and 13,000 new businesses in Wales and assisted 25,000 businesses and supported 86,000 people into employment⁶. They argue that 'EU funds have improved broadband coverage, built research capacity, invested in renewable energy, and developed vital infrastructure for transport, tourism and business'⁷. ESI therefore helped to fill funding gaps, enabling Welsh Government to act in areas it identified as priorities.

Indeed, this is the reflection when looking over the approved projects over the 2014-20 period funded by EU Structural Funds⁸. Clearly many sectors have received tangible benefit from ESI, and whether in local government or small- and medium-sized businesses, ESI helped to close those fiscal gaps that Wales experienced and still experiences. This is especially the case in those areas which received EU Regional Development Funding, West Wales and the Valleys.

So, whilst the picture is mixed, it is undoubtable that ESI provided funding for projects that were conceived of and dictated by Welsh Government and aligned to their goals. It enabled Welsh Government to 'level up' its economy – to borrow a phrase – attempting to directly intervene in regions of Wales which were particularly poorly performing, economically speaking. So while the Welsh economy benefited greatly from ESI, it did not 'transform' Wales' economy. However that was never the funding's intention as such.

Wales' widespread economic challenges remain. ESI did not solve these, nor is it likely that its UK replacement funds will in the short to medium term. The solution requires both fundamental fiscal reform in the short to medium term and constitutional reform in the longer term.

The IWA's October 2022 paper on Welsh Government's fiscal framework *Fiscal Firepower*⁹ argues that, despite having fairly strong powers and a budget in the tens of billions, Welsh Government has only limited economic ability to kickstart major projects to improve people's lives. This is due to the fact that a vast majority of Welsh Government's budget is essentially pre-committed to their statutory responsibilities of public service delivery, with

³ Ibid

⁴ [House of Commons Welsh Affairs Select Committee 2020, Wales and the Shared Prosperity Fund: Priorities for the replacement of EU structural funding](#)

⁵ [Written Evidence from Jeremy Miles \(then\) AM, 2020](#)

⁶ [Welsh Government, 2019, Not a penny less - Welsh Government calls for commitment on Shared Prosperity Fund](#)

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⁹ [IWA, 2022, Fiscal Firepower: Effective policy-making in Wales](#)

relatively little finance available over and above this to implement any new or ongoing major projects. Their lack of prudential borrowing powers is particularly relevant to this discussion. In this context, with a stuttering Welsh economy, and a Welsh Government unable to finance economically transformative interventions, EU investment of over £1.5 billion per Senedd term amounted to ten times the amount of Wales' annual capital borrowing limit of £150 million. The amount of funding Wales received from the EU therefore represented a huge proportion of the Welsh Government's fiscal firepower, above and beyond funding derived from Barnett consequentials. The EU funding enabled Welsh Government to do things for which they would otherwise not have had the fiscal headroom.

So, it is not merely the loss of the funding itself which will be felt by the termination of EU funds, but also the loss of fiscal headroom for Welsh Government specifically. Decision-making powers about post-EU funds, whether Levelling Up (LUF) or Shared Prosperity Funding (SPF), were repatriated from the EU to UK Government, removing a key pot with which Wales could at least attempt to transform its economy. It is a loss of autonomy as much as a loss of funding. We will return to this later in our response. The context of Wales' budget and what the loss of EU funding actually means is, however, an important context when attempting to distinguish the degree to which ESI funding 'transformed' the Welsh economy.

Finally, it is important to state that the UK Government's current approach compares unfavourably with ESI, and especially the European Regional Development Fund, which created clear funding criteria that was linked to key metrics, provided a theoretical framework to guide partners in designing programmes and, importantly, facilitated robust evaluations that over time have contributed to a wealth of evidence to inform regional development practice in Wales. ESI thus gave benefit beyond the lifespan of its investment projects, with robust evaluation frameworks feeding into better decision making on regional development going forward. The UK Government would be wise to follow this approach going forward. Any funding programme without a clearly set out framework for monitoring and evaluating its progress and success against objectively verifiable indicators will fail in its purpose.

To summarise, whilst it is important to attempt to understand the degree to which ESI has transformed Wales' economy, it was largely never actually doing so. It was instead filling in glaring gaps in Wales' funding, enabling a raft of policy interventions which greatly benefitted communities and regions across the whole of Wales. In that sense, this funding was 'levelling up' in action, with many funds purposefully targeted at Wales' most economically disadvantaged areas.

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.

Between 2022-23 and 2023-25, Wales has been allocated £585 million from the SPF¹⁰. UK Government have set out how they have reached this figure¹¹, and claim that this matches ESI funds that Wales would have received over this period¹². Welsh Government disagree, arguing that the Shared Prosperity Fund falls considerably short (by £772 million) of what EU funding provided¹³.

¹⁰ [UK Government, 2022, Communities in Wales handed control over £585 million to level up](#)

¹¹ [UK Government, 2022, UK Shared Prosperity Fund allocations: methodology note](#)

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Looking objectively at the countering claims of UK and Welsh Government, it would appear that the Welsh Government have a point. The figures do indeed suggest that Wales is set to miss out on over £1 billion of funding from the transition from EU funding to Shared Prosperity Funding.

In the IWA's Levelling Up Paper¹⁴, we found that:

'In terms of funding to Wales, there has been a clear and significant decrease in funding in 2021-[2]2, from £375 million the previous year under ESI to around £153 million (including £110 million from the LUF and £43 million from the CRF). This represents a cut of more than 50%.'

There is also a wider point on the democratic accountability and lack of transparency that such a shift in funding has opened up. It leaves both UK and Welsh Government pointing fingers at each other whilst it is the Welsh economy – and citizens – that suffers. If UK Government were to stand by its 2019 General Election manifesto commitment to ensure that Wales be 'not a penny' worse off post the UK's departure from the EU, then UK Government should spell out clearly how this is the case now. We think that these figures should be agreed between all levels of governments and available for scrutiny by both parliaments.

In addition, while the introduction of new regional bodies, like Cardiff Capital Region, are to be welcomed from the point of view of improved regional targeting and coordination of resources around shared priorities, they further complicate the democratic accountability of where the funding comes from, and who is responsible for the delivery of projects. It is therefore impossible for citizens' voices and views on the effectiveness of these resource allocations to be heard other than at election time.

Additionally, it is important to note that it is not just Welsh Government who are claiming to have a budgetary shortfall from the transition to Shared Prosperity Funding. The Scottish Government have reported a 60% shortfall (£300 million) in funding¹⁵, whilst figures in Northern Ireland suggest the loss of £23 million on average per year¹⁶. As discussed above, the shortfall in Wales, due to how Wales disproportionately received more from EU funds than other UK nations, is felt particularly distinctly.

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.

One thing that has worked 'well', is that Wales has continued to gain more from these new funds than other nations and regions of the UK¹⁷. Wales is therefore arguably in a comparatively 'better' position than any other part of the UK from a quantum perspective. However, as discussed above, this does still fall far below a like for like replacement of ESI funding. It also does not reflect the funding allocation representing an independent assessment of relative need across the different parts of the UK.

The introduction of SPF and LUF have significantly shortened the delivery time for key projects, with funding needing to be spent within annual or financial year timescales, rather than the seven-year period enabled by ESI. The funds themselves are tied to the end of the current UK parliament and must be spent by March 2025¹⁸. We are already seeing a real difference from ESI, with programmes not now announced several years in advance of commencement. This makes it difficult for partners or recipients to plan in advance or

¹⁴ [IWA, 2021, What does 'Levelling Up' mean for Wales?](#)

¹⁵ [Scottish Government, 2022, EU replacement funding 60% shortfall](#)

¹⁶ [Hansard, 2023, EU Funding: Northern Ireland](#)

¹⁷ [Institute for Fiscal Studies, 2021, Spending Review 2021 analysis](#)

¹⁸ [UK Government, 2022, UK Shared Prosperity Fund: frequently asked questions](#)

coordinate across different areas, and it means that ‘shovel ready’ projects may be prioritised over more strategically important, longer term projects. This could have significant consequences for Wales’ transition to a net zero economy amongst other things, as difficult decisions and longer term investment need to be made to encourage and give confidence to accompanying private sector investment.

There are further concerns around both funds and whether the UK Government manifesto promise of ‘not a penny less’ to Wales can be met. With no equivalent to the role of the Welsh European Funding Office as a holder of a regional funding allocation, the spending of SPF and LUF is determined by the quality of bids that local authorities submit, and this is not a level playing field. Not all local authorities have the same opportunities, capacity and resources to develop bids, putting some local authorities at severe disadvantage. The IWA has therefore called for the establishment of a coordinating body for Wales, jointly created by UK and Welsh governments, bringing together the two governments, local authorities, business and, crucially, civil society to administer the LUF and SPF allocations for Wales. It is our view that such a body would have an essential role to play in ensuring that SPF and LUF allocations and projects are co-created across all levels of government. There is a clear argument that people in Wales have elected Welsh Government to be in charge of its economic development¹⁹. These funding decisions should be made in line with Welsh Government aims, as this is within devolved competency.

In June 2022, the IWA ran a roundtable with businesses in Wales, looking at how the LUF was being delivered and the impact this was having²⁰. It was very clear there was a near total lack of engagement and awareness raising activities with businesses to help them to support bids. Businesses were not aware of the existence of the funding, the process to follow to access it, the decision-making and funding timeframes, whom to contact at local authorities and how to feed in their expertise. Local authorities were equally unaware of the potential value add of businesses in their areas and what they might contribute to the bidding process. We recommended then that UK Government support lead local authorities with content and funding in order to engage with business specifically to raise awareness of the funds falling under the ‘levelling up’ umbrella. Welsh Government should also build on its existing programmes of engagement with businesses in raising awareness of new regional structures, such as Corporate Joint Committees and City Growth Deals, and the phasing out of key business support packages as a result of the withdrawal of EU funding. Welsh regional lead local authorities should work with Welsh Government to pool funding for business support to develop pan-Wales programmes, including bolstering Business Wales, in order to provide consistent support for businesses across Wales and support links between businesses and local authorities.

The IWA’s engagement with the business community on this issue also led us to recommend that Welsh and UK governments should build on the Organisation for Economic Co-operation and Development (OECD) 2020 report *The Future of Regional Development and Public Investment in Wales*²¹ and undertake an assessment of post-2024 capacity to provide agile financial support to businesses in Wales in need of support to grow or at risk of failure. UK Government correctly identifies innovation as key to driving economic growth²². Indeed, businesses in Wales told us that access to innovation funding is crucial to their development. Whilst noting their opinion that it was overly-bureaucratic and inflexible in some areas, businesses considered EU funding for business innovation as straightforward to access. Conversely, we heard that accessing funding through Innovate UK, part of UKRI, was more difficult, and that the process is opaque. In order to achieve private sector growth in Wales and deliver on the goals of SPF, it is important that businesses have clarity over where

¹⁹ [Welsh Government, 2021, Economic Development - What is devolved?](#)

²⁰ [IWA, 2022, Putting Businesses at the heart of Levelling Up in Wales](#)

²¹ [OECD, 2020, The Future of Regional Development and Public Investment in Wales, United Kingdom](#)

²² [BEIS, 2021, UK Innovation Strategy](#)

and how to access innovation funding and for this funding to be available. UK Government should undertake a listening exercise with businesses to learn from the positive aspects of EU innovation funding and apply this learning to SPF and LUF. There should be a rigorous culture of constant learning and improvement to shape future programme design and investment. We are unconvinced that this is currently the case.

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

We are yet to see any public communication on the projects in Wales that have received SPF beyond announcements in the media as to the allocation of funding. One of our key concerns here is that many of the initiatives being funded by both LUF and SPF address issues like road improvements, community facilities and public spaces, which would normally be considered part of the day-to-day working of local government. While important to local communities' day to day lives, they are often smaller, far less strategic projects without the potential to leverage longer term economic change by signalling strategic investment that might give confidence to other stakeholders and encourage them also to invest.

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.

In regards to the LUF, we can establish from the second round of successful projects that Wales has received £208 million²³. There were 11 successful projects out of 45 bids from local authorities in Wales, according to Welsh Government²⁴. A number of these projects deliver funding that are clearly in areas of devolved competency, such as active travel infrastructure for example. In this way, these projects bypass Welsh Government, directly allocating funding to local authorities, when it is our view that this money should flow through Welsh Government, as indeed was the case with ESI.

Much like ESI, Wales received the most funding per head of the UK nations and regions from the first round of LUF²⁵. The UK Government originally established a matrix to identify which areas were most in need of investment from the LUF, with indicators considered including areas in need of economic recovery and growth, improved transport connectivity and regeneration²⁶. This was then revised for round two²⁷. Wales has a disproportionately high number of local authorities categorised as category one, that is, authorities most in need of funding, with 19 out of 22 local authorities placed in this category for round two²⁸. There was therefore an acknowledgement at UK level that communities in Wales require a disproportionate amount of funding from the LUF. The broader picture is that those communities categorised as category one received the most funding across both rounds of LUF so far, with 59 per cent of funding going to them²⁹. The North West of England and Wales had the highest number of successful category one bids, with 20 each³⁰.

We agree with Thomas Pope of the Institute for Government, that LUF is 'neither large enough nor targeted enough to make a dent in regional inequalities³¹. Competitive funding bids run through central Government have led to a thin spread of projects across large swathes of the UK. Competitive funding in and of itself is inefficient and not effective in tackling regional inequality. That bids go into UK Government for approval leads to

²³ [UK Government, 2023, Levelling Up Projects in Wales awarded £203 million by UK Government](#)

²⁴ [Welsh Government, 2023, Written Statement: Levelling Up Fund round 2](#)

²⁵ [UK Parliament, 2023, Which areas have benefitted from the Levelling Up Fund?](#)

²⁶ [UK Government, 2021, Levelling Up Fund: Prioritisation of places methodology note](#)

²⁷ [UK Government, 2022, Levelling Up Fund Round 2: Prospectus](#)

²⁸ [UK Government, 2022, Levelling Up Fund Round 2 list of local authorities by priority category](#)

²⁹ [UK Parliament, 2023, Which areas have benefitted from the Levelling Up Fund?](#)

³⁰ Ibid

³¹ [Pope, T, 2023, The Levelling Up Fund will not deliver o the government's flagship agenda](#)

successful bids that echo UK Government priorities, not the needs as identified by Welsh Government or indeed the communities making the bids. As such, the subsidiarity principle is reversed, with local authorities pitching bids that meet UK Government aims, not their own. We are concerned by the abject lack of involvement of citizens' voices in determining what 'success' looks like in terms of these new funding interventions and in feeding into any ongoing learning process.

There is an argument that the bids from local authorities may not be in the best interest of the area but, due to a decade of austerity decimating local government budgets, LUF represents the only show in town so they must therefore be pragmatic in applying for any funding that is available. As such, whilst local authorities in Wales have received the highest amount of funding than the other regions and nations of the UK, the successful projects offer little progression towards improved regional economic growth, let alone a 'levelling up' of the nation. For example, the projects do not offer the ability to decrease Wales' productivity gap³², a key driver of regional economic inequality.

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.

In determining that LUF would be administered centrally by the UK Government, and be awarded directly to local authorities, the 'levelling up' agenda represents a significant break both with previous practice, and with much of the evidence, in relation to the geography of regional development.

Wales' position as both an economic and political region was strengthened through ESI, and although some funding went directly to West Wales and the Valleys and East Wales regions, much of Wales' ESI funding was used to fund all-Wales activities. Examples of all-Wales activities include Business Wales, support for job-seekers through all-Wales programmes such as Jobs Growth Wales, and infrastructure projects that cross local authority boundaries, such as the Heads of the Valleys Road. The replacement of ESI with SPF and LUF will severely impact the potential for such programmes and investment to continue, as it will not be possible for any pan-Wales body to apply for funding. The 'levelling up' agenda therefore risks doing away with the concept of Wales as an economic entity, and seeks to bypass the governance structures that have been constituted through the democratic process and which are scrutinised by the Senedd.

We have serious concerns about what this means for accountability in terms of the scrutiny that should be undertaken by parliaments. In September 2020 the IWA launched Missing Links³³ and called for the formalisation of inter-parliamentary relations, a strengthening of the role of legislative consent to devolved parliaments and an improvement to public information about inter-parliamentary relations and decision making. While the Dunlop review of intergovernmental relations³⁴ published in 2021 and the joint review of intergovernmental relations published in 2022³⁵ were both welcome, the pausing of intergovernmental meetings in mid-2022, during the various crises in the Conservative party leadership, meant that opportunities for formal intergovernmental joint working were non-existent in relation to economic development. Where then were the opportunities for both parliaments to scrutinise their respective governments' decisions and actions in this area if no decisions or actions were being taken within this supposedly agreed framework? We note that those decisions that were taken were taken unilaterally – including on levelling up funding.

³² [Economic and Social Research Council, 2021, Wales' Productivity Challenge: Exploring the Issues](#)

³³ [IWA, 2020, Missing Links: Past, present and future inter-parliamentary relations in the devolved UK](#)

³⁴ [Dunlop, A., 2019, Review of the UK Government Union Capability](#)

³⁵ [UK Government, 2022, Review of intergovernmental relations](#)

As discussed above, the shift to shortened timescales set by UK Government for SPF and LUF hinders local authorities' ability to deliver transformative policy proposals. Not only that but it privileges certain local authorities over others. The way that SPF and LUF are structured puts different local authorities in Wales in direct competition with each other. There are winners and losers in the dog-eat-dog fight for UK funding. We would argue that this is in direct opposition to the way that Wales – or indeed any nation – should address one of its key priorities, by working collaboratively to diminish regional inequalities. Indeed, it is our firm view that any attempt to address wide-ranging, within-area inequalities, as the LUF and SPF pertain to do, must start with stable, multi-annual programmes for local government finance, and not competitive, short-term grants administered by UK government departments. One of our key concerns is that many of the initiatives being funded address issues like road improvements, community facilities and public spaces, which might normally be considered part of the day-to-day work of local government. However, over the past ten years, UK Government austerity has cut local government budgets, and now looks to repackage and rebadge some of this support in these new competitive funds. This approach is not fit for the challenges that we face whether in Wales, or indeed across the wider UK. To address the economic and climate crises properly, we need a long-term and sustainable plan for local government finance, empowering local government to play a greater role in economic development, in close partnership with the democratically elected Welsh Government. The LUF and SPF take us further away from achieving this.

The compressed nature of the timescales of LUF and SPF compared to ESI is frustrating to many stakeholders in Wales, as reported in the IWA's *Levelling Up* report³⁶. ESI's multi-annual framework enabled the development of clear priorities for regions across Wales, in advance of the award of funding for projects. This enabled co-construction of projects with communities and stakeholders alike (in a manner which is underpinned by the five ways of working as set out in the Wellbeing of Future Generations (Wales) Act³⁷). This co-creation enabled the development of high-quality bids which would deliver impact. The compressed funding windows of SPF and LUF leave little opportunity for such work to be undertaken. Indeed we are again dismayed by the lack of any such opportunities for any co-creation of solutions with civil society across Wales.

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

The 'levelling up' agenda creates difficulties for local government as a result of the approach taken to collaborative structures. These structures have distinct impacts on local authorities, which UK Government purport to empower with the new funds. Examples of such collaborative structures in Wales, underpinned by legislation, include Public Service Boards, City and Growth Deal Partnerships and the (relatively) new Corporate Joint Committees. Ultimately, both SPF and LUF structures are complicating and confusing the democratic accountability and cooperation between local authorities, leading to poorer outcomes for communities across Wales.

Local leaders whom the IWA spoke with as part of our *Levelling Up* paper³⁸ noted that their applications to the UK Community Renewal Fund (the precursor to SPF) strongly focused on within-area projects. This is potentially shrinking the sphere of influence of local economic policy making. One Welsh authority told the IWA that the competitive nature of the Community Renewal Fund meant that they were more guarded in their discussions as part of their relevant 'deal' partnership, wary of sharing information that could be used by a neighbouring authority for a competing project. This is not the collaborative local

³⁶ [IWA, 2021, What does 'Levelling Up' mean for Wales?](#)

³⁷ [Future Generations Commissioner for Wales, N.D., Well-Being of Future Generations \(Wales\) Act 2015](#)

³⁸ [IWA, 2021, What does 'Levelling Up' mean for Wales?](#)

partnership approach we want to see. UK Government claims that true devolution in this sense is giving decision making to local authorities. But we are already seeing the drawbacks of such an approach, and an undermining of devolution at a Welsh Government level. By cutting Welsh Government out of decisions and decision making processes which are within devolved competency, UK Government is rolling back devolution and muddying the waters of who is making decisions for a community and on behalf of whom. Effective scrutiny by citizens or public service media is nearly impossible in this situation. The 'levelling up' agenda as it is being pursued will continue to blur the lines of accountability in Welsh politics.

The rollout of SPF and LUF have been messy for all levels of government in Wales. The IWA calls for the establishment of clear principles for devolution and subsidiarity in the context of the delivery of SPF and LUF. There are real inconsistencies in how sub-national bodies are established and referred to within government programmes such as 'levelling up' which need to be addressed. Without these key principles both in place and adhered to, the funds will further confuse democratic accountability, the ability of local authorities to work together and – most importantly – lead to poorer outcomes for communities across Wales.

The IWA also calls for any future regional development funding in the UK to incorporate a formal role for the UK's devolved governments. Doing so would be a recognition of their important role in aligning policy priorities, recognising their democratic mandates and relationships with key regional actors. Given the political sensitivity of the issue, this could be achieved through an arms length body, modelled on the now defunct Welsh European Funding Office, that brings together representatives of the two governments, as well as local authorities, business and civil society partners. This body could work to create shared strategic priorities to inform project bids, allocate funding and commission appropriate monitoring and evaluation processes. Such a body could provide regular updates to both the Senedd and the House of Commons' Welsh Affairs Committee and as such be subject to scrutiny by elected representatives.

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

A number of sectors in Wales have highlighted their concern at the cliff edge presented by the loss of EU funds at the end of 2022. These include, in particular, the voluntary sector in Wales (as highlighted by the WCVA³⁹) and the higher education and research sectors⁴⁰. The loss of key projects in these sectors is therefore a major challenge and is already having a negative impact on organisations delivering vital services in Wales.

Ends

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³⁹ [The Guardian, 2022, Charities and employers struggling due to post-Brexit funding delays](#)

⁴⁰ [The Guardian, 2023, Welsh Universities face 1,000 jobs being lost as EU research funding ends](#)

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Agenda Item 4

ECONOMY, TRADE AND RURAL AFFAIRS COMMITTEE

CONSULTATION: POST-EU REGIONAL DEVELOPMENT FUNDING.

The Welsh Local Government Association (WLGA) and Industrial Coalfields Alliance (ICA) will be submitting their own responses to this consultation. However, there are specific areas where we wish to provide additional views and commentary from a Rhondda Cynon Taf County Borough Council (RCT) perspective which will add value to these submissions and these are set out in the paragraphs below.

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

RCT has successfully benefited from significant levels of investment from EU Structural Funds which has facilitated the delivery of key physical and social regeneration projects including infrastructure development, town centre regeneration, business and community development as well as employment and skills programmes.

Examples of successful projects include

- The regeneration of the town centres of Pontypridd, Aberdare and Ferndale which helped transform public spaces in each town centre and upgrade the public realm and townscape features to strengthen the commercial core and town centre distinctiveness.
- The restoration of Lido Ponty, the National Lido of Wales at Ynysangharad Park.
- Investment in much needed Grade A business space at two former derelict brownfield industrial sites. These are both now being occupied by local new and growing businesses proving that strong demand does exist for this kind of investment.
- Programmes to support employment and skills development funded from the European Social Fund.

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?

This question will be addressed as part of the response from the Welsh Local Government Association (WLGA), which we support as a member authority.

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?

Elements of the Funds that have worked well include;

- The UK Shared Prosperity Fund (UKSPF) has been wholly allocated by formula, rather than competitive bidding, with all areas of the UK receiving an allocation via a funding formula rather than competition. This means the Investment Plans developed to access these allocations, can reflect the specific local needs and opportunities of the area, ensuring that funding is delivered where it can be of most benefit.
- The fact that the funding is being planned and delivered via local authorities provides the opportunity to build on their knowledge of local needs and opportunities. However it is acknowledged that working with partners is essential in tackling the complex challenges facing our communities.
- There will be local flexibility over how the Fund is best delivered for example, competition for grant funding, procurement, commissioning or in-house delivery. Local authorities can also determine the most appropriate scale for each intervention – for example, local or regional.

Elements of the Funds which have been less effective;

- The highly competitive nature of the Levelling Up Fund bidding process meant that it was difficult to engage with the development of the Fund and with officials who were managing the application and assessment process. This remoteness from how the Fund is managed meant that it was difficult to understand what the real drivers for successful projects were and how best to engage with them. The fact that RCT were successful in Round 1 is because we were well prepared. The application and assessment process demanded a high level of commitment to project development and business case assembly which can be very costly with no guarantee of a successful outcome. This is not a sensible approach to delivering significant projects which require a high level of development cost to be successful.
- The recent outcome of the LUF Round 2 bidding and assessment process has highlighted that the nature of the assessment and decision making process can be wasteful of resources and time to develop successful bids. In Wales no local authority which had a successful bid in Round 1 was successful in Round 2 and no local authority received approval for more than one bid. If this was to be the case it should have been made clear to applicants from the outset to avoid wasting time and resources on project and LUF bid development.
- The delivery of LUF Round 1 approved projects has also been subject to some lack of clarity and certainty relating to the LUF monitoring and assurance requirements. These were not clear at the outset following approval and have

developed through the period of project delivery with a requirement to have to back fill reporting requirements that were not made clear at the approval stage such as for setting and monitoring of targets and outcomes and project assurance requirements.

- UK Government's Shared Prosperity Fund (SPF) shares some of the characteristics outlined above for LUF although the competitive bidding process is not part of the arrangements which is to be welcomed. However the timescale given for the development and submission of the Regional Investment Plan (mid April – end of July 2022) was very challenging, particularly given the delivery arrangements required in South East Wales.
- The duration of SPF funding is too short, as it is currently a 3 year programme with limited scope for moving spend between years 2 and 3. EU funding was allocated over a seven-year period with the potential for a roll-over of a further three years. The 3 year timescale makes delivery of transformational projects very challenging, and also leads to uncertainty over what happens at the end of the 3 years. The South East Wales Regional Investment Plan was not approved by UKG until early December 2022 as was the case for all Investment Plans, 1 year in to the 3 year programme. This has impacted on the timescales for delivery, particularly where it needs to be commissioned or procured.
- The regional arrangements agreed to deliver SPF in Wales do not fit well with some of the delivery and management arrangements set out by UK Gov. In South East Wales SPF is being delivered by a collaboration of the participating 10 local authorities and Cardiff Capital Region with RCT Council acting as the Accountable Lead Body on behalf of the others in terms of financial payments and monitoring requirements. The SPF arrangements have clearly been established for a simpler model of delivery which is more characteristic to arrangements in England based on a single local authority SPF allocation. We are currently working hard with UK Gov officials to resolve outstanding issues as quickly and as early as possible in the SPF delivery period.

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?

- The UK Shared Prosperity Fund (UKSPF) has been wholly allocated by formula with all areas of the UK receiving an allocation via a funding formula rather than competition. In Wales 40% of funding has been allocated on a per capita basis across Wales, 30% using the same needs-based index previously used to identify UK Community Renewal Fund priority places and 30% allocated using the Welsh Index of Multiple Deprivation. Of the allocations for South East Wales local authorities, RCT CBC had the highest at 16% of the total.
- This means the Investment Plans developed to access these allocations, can reflect the specific local needs and opportunities of the area, ensuring that funding is delivered where it can be of most benefit.

- RCT Council were very successful in round one of LUF with three out of four bids and investment and a commitment to develop schemes to a point where a compelling business case can be assembled to enable us to successfully achieve financial packages of external funding for major project delivery. These projects include the introduction of a new transport interchange in Porth, the redevelopment of the Muni Arts Centre in Pontypridd, and the dualling of the A4119 between Coedely and Llantrisant, providing improved access to employment opportunities for surrounding businesses and residents. But the fact that these were the only successful LUF bids in South East Wales does suggest that there is a lack of targeting of areas of need such as former coalfields.

Part 2 of this question will be addressed as part of the response from the Welsh Local Government Association (WLGA), which we support as a member authority.

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?

There is a broad menu of interventions through the UKSPF which offers more flexibility than the previous Structural Fund Programmes, where the priorities were more fixed. UKSPF is predominantly revenue funding with over 80% of the financial allocation per year for revenue costs.

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?

Please see the earlier comments regarding bidding processes, timescales, delivery arrangements and duration of funding.

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

The successful delivery of UKSPF in South East Wales requires robust governance arrangements and the commitment and active involvement of key stakeholders.

In South East Wales, the ten local authorities have adopted a parallel local and regional approach to governance, partnership arrangements and stakeholder engagement. This approach reflects the size, complexity and diversity of the region and the differing challenges and opportunities that exist.

Each local authority will utilise existing local partnership arrangements to provide the governance structure appropriate to their area, ensuring that arrangements are in line with the UKSPF programme requirements, with a particular focus on the diversity of partners. Across the region there are existing highly effective cross sector partnerships that are well established and best suited to providing local insight and expertise and

are therefore best placed to deliver the function of a local partnership group as outlined in the UKSPF Prospectus.

Each authority will also be responsible for establishing appropriate structures for the ongoing engagement of local Members of Parliament within their respective areas. Local partnership working will be reinforced through the legal agreement between the lead authority and partner authorities. It is aimed at safeguarding the interest of all parties and ensuring that UKSPF is delivered in a compliant manner.

However it is also recognised that there is the potential to further maximise efficiency and value for money via a regional approach where appropriate. At a regional level, governance arrangements will also be provided by the existing partnership structures established through the City Deal and CCR and more latterly the CJC, with local partnership groupings feeding insight into regional arrangements as required.

The South East Wales Regional Directors Group which comprises local authority directors and senior officers of the Cardiff Capital Region (CCR) Team – part of the City Deal - will provide a strategic consultative and advisory role to ensure the successful delivery of the UKSPF at both a local and regional level.

There has been positive engagement at a regional level with Welsh Government and Business Wales and there is a commitment to meet regularly to ensure business priorities and the regional business support offer is aligned. Positive engagement with Welsh Government's Communities, Homes and Places colleagues and the region has also taken place and again where there are opportunities to align activity and add value to respective funding streams then this will be explored.

What challenges and opportunities do these funding streams provide for organisations who received Structural Funds?

As mentioned previously the shorter duration of the current funding streams makes planning and delivery of local economic interventions much more challenging.

As the funding is delivered via local authorities, other regional and national organisations including 3rd Sector and Universities who were applicants and grant recipients of Structural Funds in their own right, are no longer able to apply directly for the Levelling Up funding streams. Also the scale of funding that was previously available to Higher Education institutions is no longer available.

However there are range of ways that other organisations can access the funding in the Regional Investment Plan through procurement and commissioning opportunities or via open calls for grant schemes, without the administrative bureaucracy that comes with being the direct accountable body.

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

Part 1 of this question will be addressed as part of the response from the Welsh Local Government Association (WLGA), which we support as a member authority.

The main issues in respect of delivering the Multiply programme;

- The scale of investment focussed on numeracy alone is significant. Although the potential investment is welcome, the scale of the challenge to increase capacity to deliver the programme cannot be underestimated.
- If the impact of the Multiply programme is to be maximised across the South East Wales region, then the programme must also address participants' literacy and digital skills. This trio of skills are central to people's job and career prospects and to their ability to be actively engaged within their communities and directly align with the ambitions of UKG's Levelling Up agenda.
- The previous comments regarding the timescales of the UKSPF programme also apply to the implementation of Multiply. Time will be required to;
 - commission relevant partners to deliver elements of the programme so that as many residents as possible, especially those from disadvantaged groups can be engaged.
 - increase the capacity of partnerships to upskill tutors and staff who will be supporting participants to develop their numeracy skills
 - recruit additional tutors and staff who are appropriately qualified to deliver the programme.
 - engage the people who most need support to improve their numeracy skills which has always been a challenge and to ensure effective referral pathways that will increase the likelihood of engaging with and retaining learners.