



Llywodraeth Cymru
Welsh Government

WRITTEN STATEMENT BY THE WELSH GOVERNMENT

TITLE **The UK Shared Prosperity Fund**

DATE **13 April 2022**

BY **Vaughan Gething MS, Minister for Economy**

Earlier today, the UK Government's plans for the Shared Prosperity Fund (SPF), which replaces EU structural funding, were announced. I want to update Members on our recent negotiations with the UK Government, and what this Fund will mean for Wales.

Since 2016, the Welsh Government has worked intensively to create the strongest possible model for post-EU regional investment in Wales, called our Framework for Regional Investment. This has included co-production with stakeholders, a public consultation, and a project to integrate international best practice with the OECD.

During this time, we also made frequent attempts to engage with UK Ministers on these plans. However, it was not until this month that the UK Government offered a meaningful negotiation in order for the SPF prospectus to be published ahead of the local government pre-election period.

Despite this unfeasible timetable, we attempted to create a partnership approach to this Fund that respects the devolution settlement and aligns with the clearly expressed wishes of people and organisations in Wales on how post-EU funding should be invested and delivered.

Although there has been some movement, the funding plans set out by the UK Government today do not reflect the distinct needs of Welsh communities. We are concerned that too little will reach those communities most in need. The Welsh Government proposed an alternative formula which would distribute funding more fairly across Wales according to economic need, but this was rejected by the UK Government.

The proposed role of the Welsh Government also falls short of a genuine co-decision making function essential to maximising investment and respecting devolution in Wales.

On this basis, it has not been possible to endorse the approach the UK Government is taking on this Fund and we cannot support their decision to redirect economic development funds away from those areas where poverty is most concentrated in particular. This

regressive decision is compounded by the dramatic reduction in the funds Wales would have received had the UK Government delivered its pledge to replace EU funds for Wales in full.

We have discussed these issues with the WLGA throughout these talks and they stress that the SPF should have a greater emphasis on need.

We have made it clear to the UK Government that this has implications for the role the Welsh Government is able to play in the next steps of delivery and implementation and the commitment of our resources.

As a result of the intensive discussions we engaged in, concessions have been made which will see regional allocations to local authorities with plans that require alignment with our Framework for Regional Investment. This demonstrates the strength of the partnership approach that exists in Wales and the certainty it represents despite the volatile, centralising UK context.

Over the next three financial years, the SPF will provide £585m to local authorities in Wales. This includes an allocation to Wales of £101m to deliver a UK adult numeracy programme called Multiply. We remain concerned that this scheme risks duplicating Wales' national curriculum and learning approaches.

While this overall funding package compares relatively favourably to other UK nations, it does not meet the UK Government's commitment to at least match the size of the EU structural funds Wales has previously and would have qualified for.

Put simply, we are facing a loss of more than £1bn in un-replaced funding over the next three years. As a result, there will be hard decisions to make for the Welsh Government and other institutions across business, higher education and further education, and the third sector which have benefitted from EU Structural Funds previously.

We will now work with local government partners and stakeholders to consider how best to maximise the opportunities that exist for programmes that will support our mission to create a stronger, fairer and greener Wales.

I will keep Members updated on further developments.

This statement is being issued during recess in order to keep members informed. Should members wish me to make a further statement or to answer questions on this when the Senedd returns I would be happy to do so.