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.

<u>How effective were EU Structural Funds at transforming the Welsh economy?</u>

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 progammes.

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.

<u>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?</u>

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.

<u>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?</u>

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.

<u>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?</u>

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

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

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.

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

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.