

# CYNGOR SIR PENFRO

## Ymateb i ymchwiliad gan Bwyllgor yr Economi, Masnach a Materion Gwledig y Senedd

### Cyllid Datblygu Rhanbarthol ar ôl Ymadael â'r UE

#### Cyflwyniad

1. Mae Cyngor Sir Penfro yn falch o gael y cyfle i ymateb i'r Ymchwiliad hwn, sydd yn amlwg yn fater o ddiddordeb mawr i'r Cyngor ac i'r bobl a wasanaethir gennym. Mae'r Cyngor yn darparu gwasanaethau cyhoeddus i tua 126,000 o bobl sy'n byw yn Sir Benfro, a llawer mwy sy'n ymweld â'n sir. Mae gwasanaethau ein Cyngor wedi cael hwb gan fuddsoddiad yr UE o dros £100m ers 1996<sup>1</sup> ac mae hyn wedi'n galluogi ni i ddarparu seilwaith busnes a thwristiaeth, adfywio corfforol, lleihau gwastraff ac ailgylchu, yn ogystal â llawer o gyfleoedd addysg a hyfforddiant, a mentrau gwrthdlodi. Derbyniodd ein rhagflaenydd fel awdurdod lleol gyllid drwy raglenni'r UE a fu'n weithredol yng Nghymru ers 1987.
2. Yn ogystal â'r cyllid gan yr UE a lifodd drwy Gyngor Sir Penfro ei hun, mae Sir Benfro wedi elwa o raglenni a phrosiectau a ariannwyd gan yr UE a gynhaliwyd gan nifer o sefydliadau eraill, gan gynnwys Llywodraeth Cymru, colegau addysg bellach, prifysgolion, y trydydd sector, a'r sector preifat. Mae enghreifftiau'n cynnwys rhaglenni cymorth busnes, prentisiaethau, marchnata twristiaeth a phrosiectau amgylcheddol. Mae Sir Benfro hefyd wedi elwa o brosiectau trawsffiniol gydag Iwerddon a phrosiectau trawswladol ehangach, fel mentrau i wella ymateb traethlin y sir i achosion o lygredd wrth rannu ein profiad gyda rhanbarthau a gwledydd eraill yr UE.
3. Ar hyn o bryd mae Cyngor Sir Penfro yn derbyn arian ar gyfer dau brosiect a gefnogir gan y Gronfa Ffyniant Bro. Fe wnaeth y Cyngor hefyd weinyddu Cronfa Adnewyddu Cymunedol y DU ac mae'n dechrau gweithredu Cronfa Ffyniant Cyffredin y DU yn y sir. Mae Cyngor Sir Penfro felly mewn sefyllfa dda i gymharu

<sup>1</sup> Mae dadansoddiad ar gael ar gais.

a gwrthgyferbynnu darpariaeth ymarferol rhaglenni ariannu datblygiad rhanbarthol yr UE a'r DU.

Pa mor effeithiol oedd Cronfeydd Strwythurol yr UE ar drawsnewid economi Cymru?

4. Mae yna gamsyniad a ddelir yn gyffredin nad oedd Cymru wedi elwa o arian yr Undeb Ewropeaidd tan 2000. Mewn gwirionedd, mae Cymru wedi bod yn derbyn arian o Gronfeydd Strwythurol yr UE ers o leiaf 1987. Y canlyniad fu bod llawer o'r disgwrs ynghylch effaith y Cronfeydd Strwythurol yn seiliedig ar gamddealltwriaeth o'r llinell sylfaen, o'r hyn yr oedd Cymru fel cyn dyfodiad rhaglenni'r UE.
  5. Roedd rhaglenni'r UE a gafodd eu darparu yng Nghymru rhwng 1987 a 1999 yn llawer mwy cymedrol o ran maint na'r rhai ar ôl 2000 ond fe wnaethon nhw osod y sylfeini ar gyfer llawer o'r hyn a ddaeth yn ddiweddarach. Er enghraifft, mae Adroddiad Blyneddol 1995 ar gyfer rhaglen Amcan 5b Cymru Wledig yn cofnodi ei bod wedi ariannu prosiect adfer tir gydag Awdurdod Datblygu Cymru ym Mharc Busnes Pont Cleddau. Mae'r safle hwnnw bellach yn gartref i ganolfan alwadau, a chanolfan arloesi lle mae llawer o fusnesau bach deinamig wedi'u lleoli. Mae hefyd yn darparu, mewn adeilad arall a ariannwyd gan yr UE, y sylfaen ar gyfer mewnfuddsoddiad o Awstralia yn y sector ynni tonnau, un o nifer o fusnesau yn y sector ynni morol sydd wedi dod i Sir Benfro yn ystod y deng mlynedd diwethaf.
  6. Hoffem ddyfynnu tair enghraifft arall sy'n gysylltiedig â hyn. Cyllidodd yr UE fynediad '*The Warrior Way*' at safle Pont Cleddau (a elwir yn lleol yn '*Route 9*') o Heol Llundain yn Noc Penfro tuag at y Doc Brenhinol, a mynediad newydd i'r Doc yn osgoi porth cul hanesyddol. Cafodd y llwybr hwn ei ddefnyddio i symud dyfais ynni morol a ariannwyd gan yr UE i ddyfrffordd Aberdaugleddau.<sup>2</sup> Mae hyn i gyd, a mwy, wedi bod yn gamau tuag at y cyhoeddiad diweddar am y Porth Rhydd Celtaidd y bydd Parc Busnes Pont Cleddau yn rhan ohono.
  7. Microcosm o'r ffordd mae arian yr UE wedi newid Cymru er gwell yw hwn. Roedd y buddsoddiadau cychwynnol mewn llawer o achosion yn enghreifftiau cymedrol o roi'r seilwaith sylfaenol sydd ei angen ar waith ar gyfer datblygu economaidd. Yn dilyn hynny, mae Cymru wedi gallu defnyddio ei manteision cystadleuol i ddatblygu diwydiannau newydd, gan gynnig nifer o swyddi medrus a mynd i'r afael â phroblemau yn y byd go iawn. Mae hyn i gyd ar gefn buddsoddiadau'r UE a wnaed flynyddoedd lawer yn ôl ac y mae'r rhan fwyaf o bobl wedi anghofio amdanynt.
  8. Mae yna ail bwynt i'w wneud, ac mae hyn yn ymwneud â'r ffordd mae effaith cyllid yr UE yng Nghymru wedi cael ei asesu gan rai sylwebyddion. Asesir cymhwysedd ar gyfer y lefel uchaf o gyllid gan GDP y pen cymharol y rhanbarth. Os yw GDP y pen rhanbarth yn is na 75% o'r GDP y pen cyfartalog ar gyfer yr UE yn ei chyfanrwydd, yna mae'r rhanbarth hwnnw'n gymwys ar gyfer y lefel uchaf o gymorth Cronfeydd Strwythurol.
  9. Mae rhai yn dadlau pe bai cyllid yr UE wedi bod yn llwyddiannus, yna ni fyddai Cymru yn gymwys ar gyfer rowndiau cyllido yn y dyfodol. Mae hyn efallai oherwydd nid GDP y pen absoliwt yw'r hyn sy'n bwysig, ond GDP y pen o'i gymharu â rhanbarthau eraill. Hefyd, mae ffigurau GDP y pen yn methu â dal i fyny â chyflwyno'r rhaglenni, felly pan asesir y cymhwysedd ar gyfer y rhaglen
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nesaf, nid yw effaith lawn y rhaglen flaenorol wedi'i hadlewyrchu yn y ffigyrau GDP sydd ar gael. Dyma pam nad yw GDP y pen yn cael ei ddefnyddio i fesur effaith rhaglenni'r Gronfa Strwythurol.

10. Yn olaf, dylid tynnu sylw at y ffaith nad oedd y Cronfeydd Strwythurol byth yn mynd i "drawsnewid" Cymru. Nid ydym yn gwybod faint yn union o arian a ddaeth o'r UE i Gymru yn ystod y tri chyfnod yn y rhaglen saith mlynedd rhwng 2000 a 2020, ond byddai'n llawer llai na'r hyn a wariwyd ar Gemau Olympaidd Llundain (tua £18bn), Crossrail (tua £30bn) neu HS2 (£100bn efallai), ac ni fydd yr un o'r rheiny yn "trawsnewid" y DU. Mae yna ddylanwadau llawer mwy ar yr economi na'r Cronfeydd Strwythurol (e.e. y marchnadoedd arian), felly er bod honiadau y byddai rhaglenni'r UE yn drawsnewidiol, nid oedd hyn byth yn honiad realistig. Mae'n afresymol barnu llwyddiant rhaglenni'r UE, neu yn wir y rhaglenni Ffyniant Bro, yn erbyn rhethreg o'r fath.

Sut fydd y cyllid y mae Cymru'n ei dderbyn o'r Gronfa Ffyniant Cyffredin a'r hyn sy'n weddill o Gronfeydd Strwythurol yr UE, yn cymharu â'r lefel o arian a dderbyniodd Cymru drwy Gronfeydd Strwythurol tra bu'r DU yn aelod o'r UE ac unrhyw gyllid posib y gellid bod wedi'i dderbyn drwy'r rhaglen Cronfeydd Strwythurol nesaf?

11. Darparwyd cymhariaeth o Gronfa Adnewyddu Cymunedol y DU a Chronfa Ffyniant Cyffredin â'r cyllid a ddaeth i Gymru pan oedd y DU yn aelod o'r UE, gan y Gweinidog Cyllid a Llywodraeth Leol mewn Datganiad Ysgrifenedig ar 4 Mai 2022.
12. Amcangyfrifwyd faint y gallai Cymru fod wedi'i dderbyn drwy Gronfa Strwythurol yr UE pe bai'r DU wedi aros yn aelod, gan Gynhadledd y Rhanbarthau Ymylol a Morwrol yn 2019. Rhagwelodd ei adroddiad dim newidiadau o gwbl o ran y statws cymhwysedd ar gyfer gorllewin Cymru a'r Cymoedd, neu ar gyfer gorllewin Cymru. Asesodd y dyraniad damcaniaethol i orllewin Cymru a'r Cymoedd fel rhai dros €500 y pen am gyfnod o saith mlynedd (h.y. dros €71 y pen y flwyddyn). Mae'r swm hwn ar gyfer Cronfa Datblygu Rhanbarthol Ewrop a Chronfa Gymdeithasol Ewrop (h.y. y Cronfeydd Strwythurol) yn unig. Nid yw'n cynnwys yr arian a fyddai wedi dod i Gymru o Gronfa Amaethyddol Ewrop ar gyfer Datblygu Gwledig a Chronfa Forwrol, Pysgodfeydd a Dyframaethu Ewrop. Nid yw hefyd yn cynnwys cyllid a fyddai wedi cael ei dderbyn gan raglenni cydweithredu tiriogaethol yr UE a rhaglenni nad ydynt yn perthyn i Gronfeydd Strwythurol yr EU, fel Horizon.
13. Dyraniad UKSPF Sir Benfro yw £23,118,286, gan gynnwys Multiplu. Mae poblogaeth y sir tua 126,000 ac felly mae'r UKSPF tua £183 y pen am raglen tair blynedd, neu tua £61 y pen y flwyddyn.

Pa elfennau o'r ddwy gronfa sydd wedi gweithio'n dda hyd yma? A pha rai sydd wedi bod yn llai effeithiol? Pa wersi y gellid eu dysgu o hyn ar gyfer y dyfodol er mwyn cael yr effaith fwyaf posibl gyda'r arian?

14. Yr agwedd ar y Gronfa Ffyniant Cyffredin a groesewir fwyaf yw'r dull 'cyffyrddiad ysgafn' sydd wedi'i fabwysiadu gan yr Adran Ffyniant Bro, Tai a Chymunedau (DLUHC). Er y bu anniddigrwydd mewn rhai chwarteri ynghylch dyrannu'r cyllid yn uniongyrchol i awdurdodau lleol, y gwir amdani yw bod awdurdodau lleol yn allweddol i gyflawni datblygiad economaidd lleol yn llwyddiannus, a gyda'r UKSPF, mae pobl wedi ymddiried ynddynt i wneud yr hyn y maent yno i'w wneud. Mae gan Gronfeydd Strwythurol yr UE alwadau trymach o lawer o ran cytundebau cyfreithiol ac archwiliadau sy'n ymddangos yn ddi-ddiwedd sy'n rhy aml yn rhoi'r argraff o system weinyddol sydd wedi colli golwg ar y pren ar gyfer y coed. Mae hyn yn cymryd gormod o amser staff drud y gellid eu defnyddio'n well i ddarparu budd i bobl Cymru.
15. Mae Cronfa Ffyniant Cyffredin y DU wedi tueddu i fod yn llai effeithiol gyda'r amserlen fer, os nad amhosib, ar gyfer cyflawni. Yn syml, nid yw tair blynedd yn ddigonol ar gyfer yr hyn y mae'r Gronfa'n ceisio'i chyflawni, a gwnaed hyn yn waeth gyda cholli'r flwyddyn gyntaf pan oedd y rhaglen yn cael ei sefydlu. Cymharwch hyn â Chronfeydd Strwythurol yr UE, sy'n caniatáu rhaglen saith blynedd gyda dwy neu dair blynedd ychwanegol i gwblhau prosiectau (gan olygu, i bob pwrpas, y gellir sefydlu rhaglen yr UE yn ystod y ddwy flynedd gyntaf cyn i'r rhaglen ddod yn gwbl weithredol yn y drydedd flwyddyn).
16. Ymddengys fod yr un broblem yn debygol o ddigwydd gyda'r Gronfa Ffyniant Bro. Mae awdurdodau lleol wedi cael eu hannog i gynnig am brosiectau cymhleth sy'n rhaid eu cyflawni o fewn amserlen sefydlog a byr. Amser a ddengys a oes modd cyflawni'r prosiectau yn y cyfnod a ganiateir.
17. Mae cyferbyniad arall, ond y tro hwn rhwng y Gronfa Ffyniant Bro a Chronfa Gyffredin y DU, hefyd yn amlwg. Roedd gofyn cyflwyno ceisiadau i'r Gronfa Ffyniant Bro. Roedd y rhain yn gymhleth iawn ac yn ei gwneud yn ofynnol i awdurdodau lleol gomisiynu ymgynghorwyr gan nad oes gan awdurdodau lleol, yn fewnol, y math o arbenigedd sy'n ofynnol gan y broses gynnig. Mae hyn yn wastraffus iawn o ran adnoddau. Roedd Cronfa Ffyniant Cyffredin y Du yn ddyraniad, a ddylai fod wedi dod â buddion wrth ganiatáu dechrau cyflymach i gyflawni, ond cafodd hyn ei wastraffu gan y galw am gyflwyno cais a chymeradwyo "Cynllun Buddsoddi" pan allai'r ddarpariaeth fod wedi bod yn seiliedig ar ddogfennau strategol eraill oedd eisoes yn bodoli. I fod yn deg, gwnaed yr un camgymeriad yn rhaglen Amcan 1 Cymru 2000-2006 a rhaglenni Cydgyfeirio (Convergence) 2007-13.

I ba raddau mae'r cronfeydd yn adnabod yn llwyddiannus gymunedau ac ardaloedd yng Nghymru sydd â'r angen mwyaf ac yn eu cefnogi. Sut mae lledaeniad daearyddol y Gronfa Ffyniant Cyffredin a'r Gronfa Ffyniant Bro yn cymharu â'r Cronfeydd Strwythurol?

18. Mae'r broses o dargedu Cronfeydd Ffyniant Cyffredin y DU o fewn Sir Benfro yn disgyn yn bennaf i'r awdurdod lleol. Gan ein bod ni eto i gwblhau'r broses o arfarnu'r ceisiadau a gyflwynwyd i'r rownd ymgeisio gyntaf, neu ddyrannu adnoddau i brosiectau, mae'n rhy gynnar i ddweud i ba raddau yr ydym wedi llwyddo i gefnogi ein cymunedau mwyaf difreintiedig. Fodd bynnag, mae'r cymunedau hyn yn wybyddus i ni, a'n bwriad yw defnyddio'r cyfle a gyflwynir gan yr UKSPF i wella amgylchiadau'r bobl sy'n byw ynddynt.
19. Rydym yn siomedig i weld bod dadansoddiad o ddyraniadau'r UKSPF fesul sir o'u cymharu â chyllidebau Cronfeydd Strwythurol yr UE ar gyfer y ddau ranbarth yng Nghymru (Gorllewin Cymru a'r Cymoedd, a Dwyrain Cymru), yn datgelu bod yr UKSPF wedi arwain at symud adnoddau o ardaloedd cymharol fwy difreintiedig Gorllewin Cymru a'r Cymoedd i Ddwyrain Cymru. Dengys ein cyfrifiadau bod Gorllewin Cymru a'r Cymoedd wedi derbyn 78% o ddyraniadau ERDF a ESF yn ystod 2014-10. Mewn cymhariaeth, dim ond 72.7% o UKSPF Cymru y byddan nhw'n eu derbyn.
20. Yn yr ail rownd o gynigion ar gyfer y Gronfa Ffyniant Bro, mae'n amlwg bod dyraniadau yng Nghymru wedi'u gwneud ond i ardaloedd na dderbyniodd gyllid y Gronfa Ffyniant Bro yn y rownd gyntaf. Mae hyn wedi codi amheuan bod dyraniadau'n cael eu rhoi yn seiliedig mwy ar awydd i ledaenu adnoddau'n eang yn hytrach na'u targedu ar feysydd o angen, neu yn wir i ariannu'r ceisiadau â'r sgôr uchaf.

Pa fathau o ymyriadau sy'n cael eu darparu a'u cynllunio drwy'r Gronfa Ffyniant Cyffredin, ac i ba raddau y mae'r rhain yn wahanol i'r rhai a gyflwynir trwy'r Cronfeydd Strwythurol?

21. Mae'r rhestr lawn o ymyriadau a all gael eu darparu gan Gronfa Ffyniant Cyffredin y DU wedi'i nodi ym Mhrosiectws yr UKSPF a gyhoeddwyd gan Lywodraeth y DU, gyda'r ymyriadau i'w gweithredu ym mhob ranbarth o Gymru a ddiffinnir yn y Cynllun Buddsoddi rhanbarthol. Er ei bod, mewn egwyddor, wedi cael ei ganiatáu i gynnwys ymyriadau pwrpasol, byddai'n rhaid i'r rhain gael eu hystyried ymhellach gan DLUHC ac oherwydd hynny, ni chafodd yr un ohonynt eu cynnwys yng Nghynllun Buddsoddi De-orllewin Cymru i osgoi oedi pellach cyn gweithredu.
22. Yn Sir Benfro, nid ydym yn gweithredu'r ymyriadau UKSPF canlynol:
  - Arian ar gyfer cyfleusterau chwaraeon lleol, twrnameintiau, timau a chynghreiriau.
  - Buddsoddiad a chefnogaeth i seilwaith digidol ar gyfer cyfleusterau cymunedol lleol.

- Grantiau i helpu llefydd i wneud cais am ddigwyddiadau a chynadleddau busnes rhyngwladol sy'n cefnogi sectorau twf lleol ehangach.
- Cyllid i ddatblygu rhwydweithiau angel buddsoddi ledled y wlad.
- Grantiau allforio i gefnogi busnesau i dyfu eu masnachu dramor, gan gefnogi cyflogaeth a buddsoddiad lleol.

Pa mor ddefnyddiol yw'r prosesau a'r amserlenni a bennir gan Lywodraeth y DU ar gyfer yr arian o ran cefnogi awdurdodau lleol a rhanbarthau i gyflawni eu canlyniadau arfaethedig?

23. O ran yr UKSPF, rydym wedi gwneud sylwadau negyddol o'r blaen ar yr amserlenni a osodwyd. Er ein bod hefyd wedi gwneud sylwadau ffafriol ar y dull 'cyffyrddiad ysgafn' sy'n gysylltiedig â'r Gronfa hon, gwelwn fod anallu DLUHC i wneud gwobrau aml-flynyddol o gyllid i awdurdodau lleol pan fydd yn rhaid iddynt wneud hynny pan fyddwn yn pasio cyllid i drydydd partion, yn rhoi awdurdodau lleol mewn sefyllfa anodd. Mae'r risg sy'n gysylltiedig â dull Llywodraeth y DU o weithredu wedi cael ei gydnabod yn ein cofrestrau risg.
24. Mae'r gofyniad i awdurdodau lleol yng Nghymru weithio'n rhanbarthol wrth weinyddu'r arian yn dod â rhai heriau yn ei sgil, yn benodol mae'n byrhau'r amser sydd ar gael ar gyfer llunio a chasglu hawliadau gan fuddiolwyr terfynol. Rhaid dychwelyd y rhain i ni'n hunain ar gyfer eu trosglwyddo ymlaen i Abertawe fel partner arweiniol, lle maent yn cael eu cyfanredu gyda hawliadau gan awdurdodau lleol eraill de-orllewin Cymru cyn eu dychwelyd i Lundain. Gall yr amserlen a fynnir gan DLUHC weithio yn Lloegr lle mae awdurdod lleol ond yn dychwelyd hawliadau o'i ardal yn uniongyrchol i DLUHC, ond nid yw'n glir ar hyn o bryd a fydd modd darparu ar gyfer y prosesu ychwanegol y mae'r gwaith rhanbarthol yn ei gwneud yn ofynnol yn yr un pryd. P'un a oes manteision o weithio rhanbarthol a fydd yn gwrthbwysu'r anfantais hon - mae hyn eto i ddod yn glir.
25. Mae wedi cymryd peth amser i ddod i arfer â'r prosesau sy'n rhan o'r Gronfa Ffyniant Bro. Mae diffyg cytundebau ariannu sy'n gyfreithiol rwydol yn anghyfforddus ond mae'n un nad oes gennym y grym i newid. Mae'r broses Cais Addasu Prosiect yn heriol iawn, yn ein tyb, er bod archwiliad ("archwiliadau dwfn") yn llai heriol.

Pa mor effeithiol mae'r gwahanol lefelau o lywodraethu yng Nghymru yn cydweithio mewn perthynas â'r cronfeydd hyn?

26. Oherwydd y ffordd y mae Llywodraeth y DU wedi penderfynu gweithredu'r cronfeydd hyn, mae ein prif gyswllt naill ai gyda DLUHC neu awdurdodau lleol eraill. Mae awdurdodau lleol, yn dilyn y gwaith rhanbarthol a gyflwynwyd wrth weithredu rhaglenni'r UE ers 2007, wedi dod yn gyfarwydd iawn â gweithio gyda'i gilydd.
27. Y ganlyneb yw nad oes gennym unrhyw berthynas ystyrlon â Llywodraeth Cymru mewn perthynas â'r cronfeydd hyn. P'un a fydd y Cydbwyllgorau Corfforaethol yn dod yn rhan o'r UKSPF, a sut, nid yw hyn yn gwbl glir ar hyn o bryd.

Pa heriau a chyfleoedd y mae'r ffrydiau ariannu hyn yn eu darparu ar gyfer sefydliadau a dderbyniodd Gronfeydd Strwythurol?

28. I awdurdodau lleol, mae tair her yn gysylltiedig â'r cronfeydd hyn. Y cyntaf o'r rhain yw amserlen, fel yr ydym eisoes wedi egluro. Yr ail yw capasiti. Dros y degawdau diwethaf, mae llawer o awdurdodau lleol wedi colli llawer o'u capasiti datblygu economaidd. Mae darparu rhaglen mor fawr â'r UKSPF, yn ein hachos ni gyda'r Gronfa Ffyniant Bro a rhaglenni adfywio Llywodraeth Cymru ochr yn ochr â nhw, ar yr un pryd â chau prosiectau gweddilliol yr UE, yn ofyn mawr. Gall awdurdodau lleol geisio recriwtio staff, ond gyda phawb yn mynnu'r un sgiliau a heb sicrwydd beth fydd yn olynu'r UKSPF efallai na fydd modd recriwtio cymaint o staff ag sydd eu hangen i gyflwyno'r rhaglenni. Gellid disgrifio'r drydedd her hefyd fel cyfle. Dyma'r dull o weithio. Mae awdurdodau lleol yn cael eu defnyddio i ddelio â chyllid yr UE a oedd yn cael ei lywodraethu gan reolau a rheoliadau oedd yn llywodraethu sut roedd prosiectau'n cael eu rheoli. Mae'r UKSPF a'r Gronfa Ffyniant Bro yn llawer mwy caniataol, gydag awdurdodau lleol yn gallu gwneud eu penderfyniadau eu hunain ar sut i reoli'r arian. Mae hyn yn rhyddhad ond hefyd yn destun pryder, gan nad ydym bob amser yn gwybod ble mae ffiniau ein disgresiwn yn dod i ben.
29. Mae'r un heriau hyn yn debygol o gael eu teimlo gan sefydliadau sy'n gwneud cais i awdurdodau lleol ar gyfer cyllid yr UKSPF. Yn wir, rydym eisoes wedi cael ein boddi gan gwestiynau yn gofyn am gyfarwyddiadau ar faterion nad yw'r UKSPF yn cynnig unrhyw arweiniad arnynt. Bydd gan ymgeiswyr bryderon eraill, fodd bynnag, gan gynnwys yr ansicrwydd mawr y bydd eu prosiectau'n cael eu hariannu. Ac eithrio Multiply, mae'r galw am yr UKSPF yn rhagori'n fawr ar y cyllid sydd ar gael. Bydd yn rhaid i awdurdodau lleol wneud penderfyniadau anodd a fydd yn amhoblogaidd iawn mewn rhai chwarteri.
30. Mae'n amlwg o'r ceisiadau a gawsom fod yr UKSPF wedi dod â chyfle i sefydliadau cenedlaethol, a sefydliadau sy'n dyheu am ddod yn sefydliadau cenedlaethol, i wneud cais am arian i wneud gwaith mewn rhannau o'r DU lle nad ydynt wedi bod yn weithredol ynddynt o'r blaen.

Sut mae'r rhaglen Multiply yn datblygu ar draws gwahanol rannau o Gymru? Beth yw'r rhwystrau a'r chyfleoedd posibl mewn perthynas â chyflwyno'r rhaglen hon?

31. Mae'n rhy gynnar i ddisgrifio mewn unrhyw fanylder sut mae'r rhaglen Multiply yn datblygu yng Nghymru, heblaw am Sir Benfro, lle mae'n dechrau'n araf ac o dan gynnig ar hyn o bryd.
32. Mae'r rhaglen Multiply ei hun yn gyfle, gan sicrhau bod cyllid sylweddol ar gael ar gyfer rhifedd oedolion. Fodd bynnag, nid oedd hwn yn gyfle oedd ei angen. Mae'n profi'n anodd amsugno'r swm o arian sy'n cael ei ddarparu gan fod eisoes rhywfaint o ddarpariaeth ar gyfer rhifedd oedolion, ac nid oes digon o diwtoriaid rhifedd ar gael i gynyddu'r ddarpariaeth ar unwaith ar gyfer dysgwyr. Mater arall yw'r stigma sy'n gysylltiedig â sgiliau rhifedd gwael, sy'n annog pobl i beidio ag ymgymryd â darpariaeth hyd yn oed os yw ar gael.



33. Mae'n amlwg mai'r Trysorlys sy'n gyrru'r elfen hon o'r rhaglen UKSPF, a bod amharodrwydd i symud oddi wrth y syniad cychwynnol o wella sgiliau rhifedd. Byddai'n ddefnyddiol pe bai cydnabyddiaeth mai gwell fyddai mynd i'r afael â gwendidau mewn sgiliau rhifedd ar yr un pryd â gwendidau mewn medrau llythrennedd a digidol. Ond er gwaethaf apeliadau am hyblygrwydd wrth ddefnyddio Multiply, bu gwrthwynebiad i'r syniad o ehangu ei gwmpas.

# PEMBROKESHIRE COUNTY COUNCIL

## Response to an Inquiry by the Senedd's Economy, Trade and Rural Affairs Committee

### Post-EU Regional Development Funding

#### Introduction

1. Pembrokeshire County Council is pleased to have the opportunity to respond to this Inquiry, which is obviously a matter of great interest both to the Council and to the people that it serves. The Council provides public services to around 126,000 people resident in Pembrokeshire, and many more who visit our county. Our Council's services have been boosted by EU investment of over £100m since 1996<sup>3</sup> and this has allowed us to provide business and tourism infrastructure, physical regeneration, waste reduction and recycling, as well as many education and training opportunities, and anti-poverty initiatives. Our predecessor local authorities also received funding through the EU programmes active in Wales since 1987.
2. In addition to the EU funding that flowed through Pembrokeshire County Council itself, the county of Pembrokeshire has benefited from EU funded programmes and projects run by many other organisations, including the Welsh Government, further education colleges, universities, the third sector, and the private sector. Examples include business support programmes, apprenticeships, tourism marketing and environmental projects. Pembrokeshire has also benefitted from cross-border projects with Ireland and wider transnational projects, such as initiatives to improve the county's shoreline response to pollution incidents whilst sharing our experience with other EU regions and countries.
3. Pembrokeshire County Council is presently in receipt of funding for two projects supported by the Levelling Up Fund. The Council also administered the UK Community Renewal Fund and is beginning to implement the UK Shared Prosperity Fund in the county. Pembrokeshire County Council is therefore in a good position to compare and contrast the practical delivery of EU and UK regional development funding programmes.

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<sup>3</sup> Breakdown available on request.

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

4. There is a commonly held misconception that Wales did not benefit from EU funding until 2000. In fact, Wales has been a recipient of EU Structural Funds since at least 1987. The result has been that much of the discourse around the impact of the Structural Funds is based on a misunderstanding of the baseline position, of what Wales was like before the advent of EU programmes.
5. The EU programmes that were delivered in Wales between 1987 and 1999 were much more modest in scale than those post-2000 but they laid the groundwork for much that came later. For example, the 1995 Annual Report for the Rural Wales Objective 5b programme records that it funded a Welsh Development Agency land reclamation project at the Cleddau Bridge Business Park. That site is now home to a call centre, and an innovation centre where many small dynamic businesses are based. It also provides, in another EU-funded building, the base for an Australian inward investor in the wave energy sector, one of a number of businesses in the marine energy sector that have located to Pembrokeshire in the past ten years.
6. We would cite three further examples linked to this. The EU funded the Warrior Way access to the Cleddau Bridge site, the A4139 (locally known as Route 9) from London Road in Pembroke Dock towards the Royal Dockyard, and a new access to the Dockyard avoiding a narrow historic gateway. This route was used to move an EU funded marine energy device to the Milford Haven waterway.<sup>4</sup> All of this, and more, have been steps towards the recent announcement of the Celtic Freeport of which the Cleddau Bridge Business Park will form a part.
7. This is a microcosm of the way in which EU funding has changed Wales for the better. The initial investments were in many cases modest examples of putting in place the basic infrastructure needed for economic development. Subsequently, Wales has been able to use its competitive advantages to develop whole new industries offering many skilled jobs and tackling real world problems on the back of EU investments many years ago that most people have forgotten.
8. There is a second point to make, and this relates to the way in which the impact of EU funding in Wales has been assessed by some commentators. Eligibility for the highest level of funding is assessed by the relative GDP per head of the region. If a region's GDP per head is below 75% of the average GDP per head for the EU as a whole, then that region is eligible for the highest level of Structural Funds support.
9. Some argue that if EU funding had been successful, then Wales would not qualify for future rounds of funding. This is a fallacy, because what is important is not absolute GDP per head, but GDP per head relative to other regions. Also, GDP per head figures lag behind the delivery of the programmes, so that at the time eligibility for the next programme is assessed the full impact of the previous programme has not been reflected in the available GDP figures. This is why GDP per head is not used to measure the impact of Structural Fund programmes.

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<sup>4</sup> <https://www.westerntelegraph.co.uk/news/19159520.vital-38-ton-part-bomboras-wave-energy-project-delivered-pembroke-dock/>.

10. Finally, it should be pointed out that the Structural Funds were never going to “transform” Wales. We do not know exactly how much EU funding came to Wales in the three seven-year programme periods between 2000 and 2020 but it would be far less than any of the London Olympics (about £18bn), Crossrail (say £30bn) or HS2 (perhaps £100bn), and none of those will “transform” the UK. There are and were far larger influences on the economy than the Structural Funds (e.g. the money markets) so whilst there were assertions that the EU programmes would be transformational, this was never a realistic claim. It is unreasonable to judge the success or otherwise of the EU programmes, or indeed the Levelling Up programmes, against such rhetoric.

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?

11. A comparison of the UK Community Renewal Fund and the UK Shared Prosperity Fund to the funding received by Wales when the UK was a member state of the EU was provided by the Minister for Finance and Local Government in a Written Statement on 4 May 2022.<sup>5</sup>

12. The question of how much Wales might have received in EU Structural Funds had the UK remained an EU member state was estimated by the Conference of Peripheral and Maritime Regions in 2019. Its report<sup>6</sup> anticipated no changes in the eligibility status for West Wales and the Valleys or for East Wales. It assessed the theoretical allocation to West Wales and the Valleys as being in excess of €500 per person for a seven year period (i.e. in excess of €71 per person per year). This amount is for the European Regional Development Fund and the European Social Fund (i.e. the Structural Funds) alone. It excludes the money that would have come to Wales from the European Agricultural Fund for Rural Development and the European Maritime, Fisheries and Aquaculture Fund. It also excludes funding that would have been received from the EU’s Territorial Co-operation programmes and non-Structural Fund programmes such as Horizon.

13. Pembrokeshire’s UKSPF allocation is £23,118,286 including Multiply. The county’s population is around 126,000 and therefore the UKSPF is around £183 per head for a three year programme, or about £61 per person per year.

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<sup>5</sup> [https://www.gov.wales/written-statement-loss-funding-wales-result-uk-governments-arrangements-replacement-eu-funding?\\_ga=2.116618753.627117397.1681377957-1839559091.1681377957](https://www.gov.wales/written-statement-loss-funding-wales-result-uk-governments-arrangements-replacement-eu-funding?_ga=2.116618753.627117397.1681377957-1839559091.1681377957).

<sup>6</sup> <https://cpmr.org/wpdm-package/uk-allocation-for-cohesion-policy-for-post2020/?wpdmdl=20524&ind=1550570009760>.

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?

14. The aspect of the Shared Prosperity Fund that is most welcome is the light-touch approach that has been adopted by the Department for Levelling Up, Housing and Communities (DLUHC). Whilst there has been disquiet in some quarters about the allocation of the funding direct to local authorities, the fact is that local authorities are key to the successful delivery of local economic development and with UKSPF they have been trusted to do what they are there to do. The EU Structural Funds have far heavier demands with regard to legal agreements and seemingly endless audits which too often give the impression of an administrative system that has lost sight of the wood for the trees. This takes up excessive amounts of time of expensive staff who are better employed actually delivering benefit for the people of Wales.
15. Where the UK Shared Prosperity Fund has been less effective is in the short, not to say impossible, timescale for delivery. Three years is simply insufficient for what the Fund is trying to achieve, with this compounded by the loss of the entirety of the first year when the programme was being established. Compare this to the EU Structural Funds, which allow for a seven-year programme period with an additional two or three years to complete projects (effectively meaning that an EU programme can be established in the first two years before the programme becomes fully operational in the third year).
16. The same issue looks set to bedevil the Levelling Up Fund. Local authorities have been encouraged to bid for complex projects that must be delivered within a fixed and short timescale. Time will tell whether the projects can be achieved in the period allowed.
17. Another contrast, but this time between the Levelling Up Fund and the UK Shared Prosperity Fund is also evident. The Levelling Up Fund required bids to be submitted. These were very complex and required local authorities to commission consultants as local authorities do not generally have available in-house the type of expertise required by the bidding process. This is very wasteful of resources. The UK Shared Prosperity Fund was an allocation, which should have brought benefits in allowing a faster start to delivery but this was squandered by the demand for submission and approval of an "Investment Plan" when delivery could have been based on other existing strategic documents. In fairness, the same error was made in the Welsh Objective 1 programme 2000-2006 and Convergence programmes 2007-13.

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?

18. The targeting of UK Shared Prosperity Funds within Pembrokeshire falls primarily to the local authority. As we are yet to complete the appraisal of bids submitted

to the first bidding round, or the allocation of resources to projects, it is simply too early to say to what extent we have successfully supported our most deprived communities. However, these communities are well-known to us, and it is our intention to use the opportunity that the UKSPF represents to improve the circumstances of the people living in them.

19. We are disappointed to find that an analysis of UKSPF allocations by county in comparison to the EU Structural Funds budgets for the two Welsh regions (West Wales and the Valleys, and East Wales) reveals that the UKSPF has had the effect of moving resources from the relatively more deprived West Wales and the Valleys to East Wales. Our calculations show that West Wales and the Valleys received 78% of Wales' ERDF and ESF allocations during 2014-20. By comparison, it receives only 72.8% of Wales' UKSPF.
20. It is noticeable that in the second round of bidding, awards of LUF in Wales were made only to areas that had not received LUF in the first round. This has raised suspicions that awards were based more on a desire to spread resources widely than to target them on areas of need, or indeed to fund the highest scoring bids.

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

21. The full list of interventions that can be delivered by the UK Shared Prosperity Fund is set out in the UKSPF Prospectus published by the UK Government, with the interventions to be implemented in each region of Wales defined in the regional Investment Plan. Whilst in principle it has been permissible to include bespoke interventions, these would require further consideration by DLUHC and as such none were included in the South West Wales Investment Plan to avoid further delay in implementation.
22. In Pembrokeshire we are not implementing the following UKSPF interventions:
  - W10: Funding for local sports facilities, tournaments, teams and leagues.
  - W15: Investment and support for digital infrastructure for local community facilities.
  - W25: Grants to help places bid for and host international business events and conferences that support wider local growth sectors
  - W27: Funding to develop angel investor networks nationwide.
  - W28: Export grants to support businesses to grow their overseas trading, supporting local employment and investment.

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?

23. In relation to the UKSPF, we have previously commented negatively on the timescales set. Whilst we have also commented favourably on the light touch approach associated with this Fund, we find the inability of DLUHC to make multi-annual awards of funding to local authorities when they have to do so when we

pass funding to third parties places local authorities in an invidious position. The risk associated with the UK Government's approach has been recognised in our risk registers.

24. The requirement for local authorities in Wales to work regionally in administering the funds brings with it some challenges, in particular it shortens the time available for the compilation and collation of claims from end beneficiaries. These have to be returned to ourselves for onward transmission to Swansea as lead partner, where they are aggregated with claims from the other South West Wales local authorities before return to London. The timescale demanded by DLUHC may work in England where a local authority merely returns claims from its area direct to DLUHC, but it is presently unclear whether it will be possible to accommodate the extra processing the regional working requires in the same time. Whether there are advantages from regional working that will fully offset this disadvantage is yet to become plain.
25. It has taken some time to become accustomed to the processes involved in the Levelling Up Fund. The lack of legally binding funding agreements is uncomfortable but is one we have no power to change. The Project Adjustment Request process has been found very demanding, though audit ("Deep Dives") rather less so.

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

26. Due to the way that the UK Government has decided to implement these funds, our primary contact is either with DLUHC or other local authorities. Local authorities have, following the regional working introduced in the implementation of EU programmes since 2007 become very used to working together.
27. The corollary is that we do not have any meaningful relationship with the Welsh Government in relation to these funds. Whether, and how, the Corporate Joint Committees will become involved in the UKSPF is not at all clear at this stage.

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

28. For local authorities, the main challenges associated with these funds are three-fold. The first of these is timescale, as we have already explained. The second is capacity. Over the last decades, many local authorities have lost much of their economic development capacity. To deliver such a large programme as UKSPF, in our case with LUF and Welsh Government regeneration programmes alongside, at the same time as closing residual EU projects is a big ask. Local authorities can attempt to recruit staff, but with all demanding the same skills and with no certainty as to what will succeed UKSPF it may not be possible to recruit as many staff as are needed to deliver the programmes. The third challenge might also be described as an opportunity. It is the method of working. Local authorities are used to dealing with EU funding which was governed by rules and regulations that governed how projects were run. Both the UKSPF and the LUF are much more permissive, with local authorities able to make their own

decisions on how to manage the funds. This is liberating but also worrisome, as we do not always know where the boundaries of our discretion end.

29. These same challenges are likely to be felt by organisations applying to local authorities for UKSPF funding. Indeed we have already been inundated with questions asking for instructions on matters on which the UKSPF offers no guidance. Applicants will have other concerns however, including the great uncertainty that their projects will be funded. Except for Multiply, the demand for UKSPF greatly outstrips the available funding. Local authorities will have to make difficult decisions that will be deeply unpopular in some quarters.
30. It is clear from the applications we have received that the UKSPF has brought an opportunity to national organisations, and organisations that aspire to become national organisations, to apply for funding to carry out work in areas of the UK in which they have not previously been active.

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

31. It is too early to describe in any detail how the Multiply programme is developing in Wales, except that in Pembrokeshire it is making a slow start and is under-bid at this time.
32. The Multiply programme is itself an opportunity, making available significant funding for adult numeracy. However, this was not an opportunity that was needed. It is proving difficult to absorb the amount of funding made available as there is already some provision for adult numeracy, and there are insufficient numeracy tutors available to instantly increase provision for learners. Another issue is the stigma related to poor numeracy skills, which acts to discourage people from taking up provision even if it is available.
33. It is clear that this element of the UKSPF programme is driven by the Treasury, and that there is reluctance to move away from the founding idea of improving numeracy skills. It would be helpful if there was recognition that weaknesses in numeracy skills are best addressed at the same time as weaknesses in literacy and digital skills, but despite appeals for flexibility in the use of Multiply there has been resistance to the idea of broadening its scope.