Post-EU regional development funding
Engagement Summary Note

May 2023

Background

The Economy, Trade, and Rural Affairs Committee conducted an inquiry into post-EU regional development funds.

As part of the process to gather views, the Citizen Engagement Team proposed a mixed approach to the engagement. Using a survey, the Committee collected quantitative and qualitative data from grassroots organisations that had involvement with The Shared Prosperity Fund (often referred to by respondents as *SPF*), The Levelling Up Fund and / or EU Structural Funds.

Methodology

An online survey was designed and circulated to relevant contacts and shared publicly inviting organisations to take part.

Structured around the terms of reference, 17 questions were asked. (see Annex 1 for the full list of questions). The data was analysed by the Citizen Engagement Manager. Direct quotes from the survey results have been collected to add context to the key themes within this note.

Sample

Respondents were self-selecting. The survey was designed to ask specific questions to respondents who were, or were not receiving the various funding streams mentioned above.

34 survey respondents contributed.

Respondents came from a number of sectors including the voluntary sector (18), businesses (3) and colleges (5).

11 respondents described themselves as having received or currently receiving both pre and post EU funding.
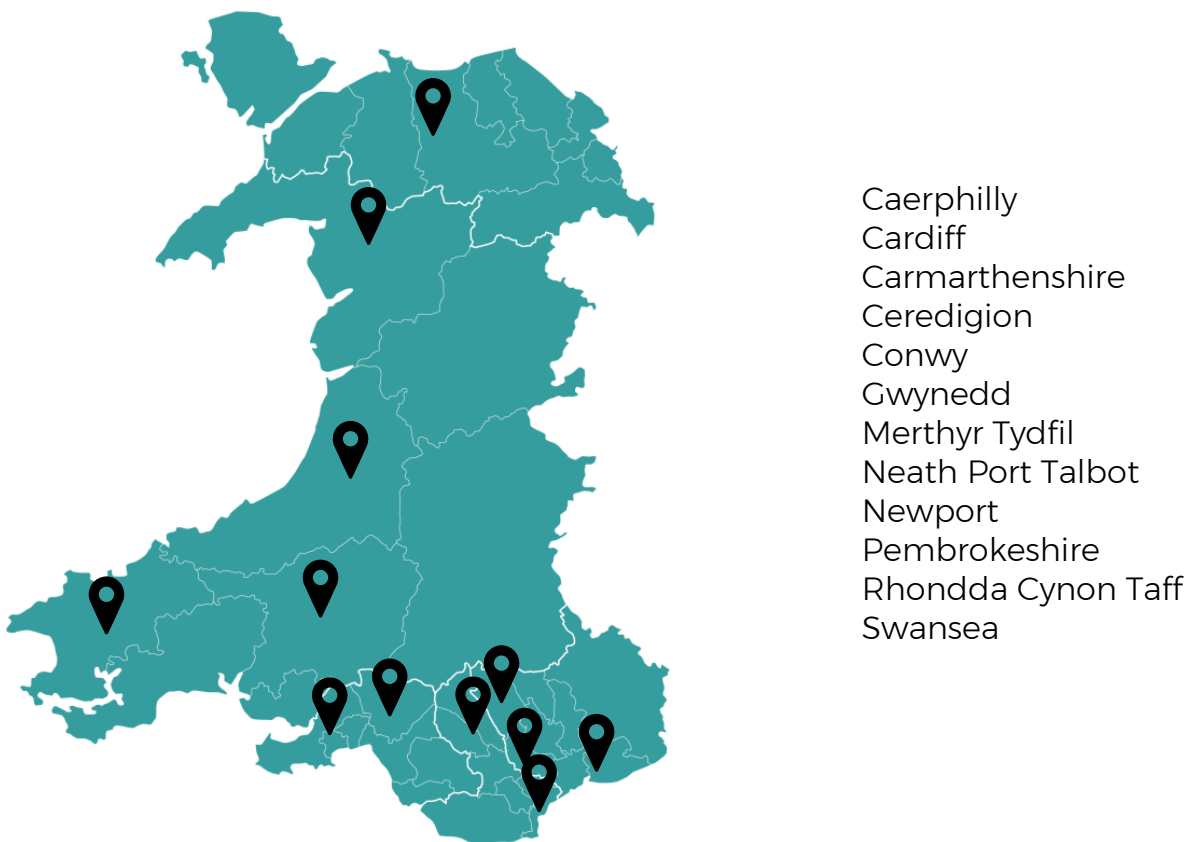
12 respondents described themselves as having received or currently receiving pre EU Funding only.

Two respondents described themselves as having received or currently receiving post EU funding only.

Five respondents described themselves as not having received either pre or post funding.

Four respondents didn't answer this question.

Respondent's organisations were located in one of the 12 following local authority areas, or they described the location of their organisation as Wales wide;

Caerphilly
Cardiff
Carmarthenshire
Ceredigion
Conwy
Gwynedd
Merthyr Tydfil
Neath Port Talbot
Newport
Pembrokeshire
Rhondda Cynon Taff
Swansea

Key Findings

The data collected has been analysed and 10 key themes have been identified. These themes were identified as the most prevalent themes emerging from across all of the data. Direct quotes are highlighted in grey boxes.

Respondents that described their organisation as receiving pre and post EU funding streams were asked: *How does your organisation's experience of the process for applying for the Shared Prosperity Fund and/or the Levelling Up Fund compare to applying for EU Structural Funds?*

Responses were varied, positive comments were made but overall comments were generally negative in their tone:

> *"Applying for the SPF has presented specific challenges to us as an organisations for several reasons."*

The key themes, in the order of the most frequently occurring first, were:

1. Inconsistencies across different local authorities

Respondents expressed deep concern about the inconsistencies across different local authorities (often referred to by respondents as *LAs*). From how to access funding to the application process and evaluation, many elements were different:

> *"In practice, we have faced significant bureaucracy when proposing a similar intervention to tackle a common issue across different local authority areas."*
>
> *"Very disjointed and confusing - hard to get information and see the bigger picture when each LA is doing their own thing. Lack of guidance hindering the process."*

This meant that more resource was required to ensure projects spanning across more than one area are successful. It was described as an 'inefficient' way of working:

> *"Of the four regions within Wales, only two have taken a regional approach to their bidding process meaning that there are approximately 18 different ways in which to bid for the SPF in Wales."*
>
> *"Engaging with 22 local authorities in Wales all of whom may decide to do things very differently, is very resource intensive."*

Where organisations are working with multiple local authorities, if they were not successful with one or more of their applications, respondents felt this could jeopardise the whole project. It could cause issues with funding allocation and distribution adding to a 'postcode lottery' of support to vulnerable communities.

There was a sense that approaches to funding across Wales are not as joined up as previously because of the varying local authority approaches:

> *"We also have very little information or no information about other local projects and we are very conscious that this project is only for one LA- we previously worked across a number of Local Authorities in the Welsh Valleys and this was very effective - now we are restricted. If we are successful in securing other projects in other LA's these will be completely separate."*
>
> *"The approach to the funding has been different in every county, with no standardisation for applications by the sector. It is a very sad state of affairs where we have gone from good partnership working and a fair and open approach for application to the current picture."*

This was further consolidated when respondents answered question 11:

*Where **1 = not straight forward and 5 = very straight forward**, how would you describe the processes for applying for the Shared Prosperity and Levelling Up funds?*

The average rating was 2.19

Number of participants selecting this value
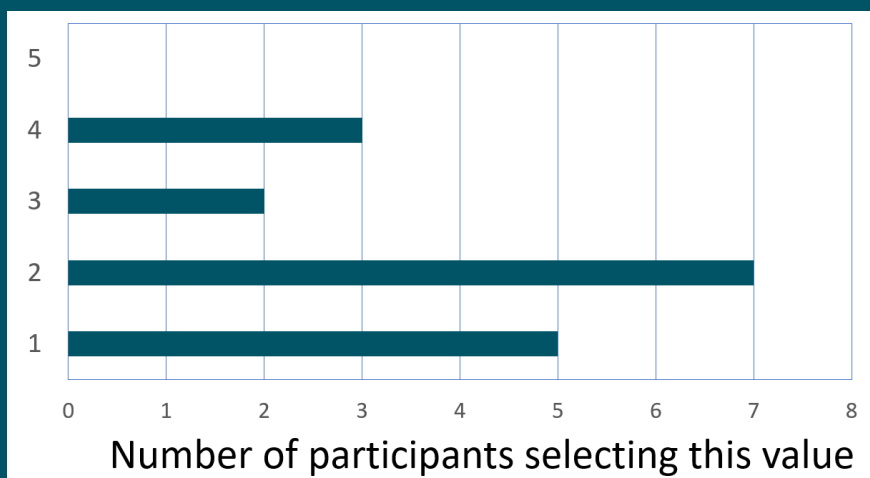
2. Difficult to Navigate

"It's proving to be inaccessible and top-down."

"Shared prosperity is not a replacement for EU funds and all organisations are finding it difficult to navigate."

Respondents said the main information that local authorities were sharing about the new funding streams was difficult to navigate but often there was a lack of communication and sharing of information and therefore they struggled to access the process:

"UKSPF - very different experience. With EU funds there was guidance and structure with set questions and due diligence. With UKSPF we contacted all our local authorities with a detailed description of what we can deliver and how this correlates to the UKSPF plans as there had been no application forms or set procurement plans. Very few LA's responded or had information days / sessions."

A number of respondents explained that their local authority hadn't collaborated with them, and this was very different to their experiences with EU Structural funds. This resulted in respondents feeling like local authorities were making the funds unreachable:

"SPF has been a local authority driven process with little to no co-production - our involvement followed a request to the local authority rather than as a result of an invite, we have been advised of the decisions made on our behalf rather than being invited in to a discussion and we have seen sequential reductions in the amount allocated to us."

"Engagement at the time of developing the SPF was limited and appears to have had little impact on the design of the SPF both in terms of its administration and the indicative list of interventions which could be funded. This contrasts with EU funded projects where the third sector's input was sought at an early stage in order to support the identification of need and subsequent design of interventions."

This theme was echoed in the results to question 10:

*Where **1 = very inaccessible and 5 = very accessible**, how would you describe the accessibility of the current funding? In terms of successfully identifying and supporting all the communities and areas of Wales that are in greatest need*

The average rating was 2.18

Number of participants selecting this value
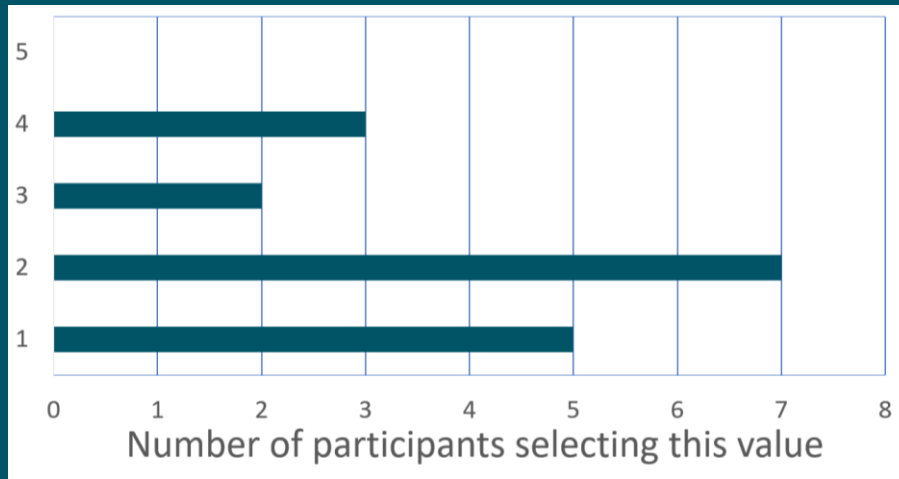
3. Improved application process

A positive theme that occurred a number of times in respondents' comments was that the application process for the SPF is more manageable than the process for EU Structural Funds.. However, this was intermittently mentioned alongside the concerns about the inconsistencies between local authorities' individual application forms:

"The business plans required [for EU structural funds] were incredibly complicated and long, with lots of staff changes on both sides that proved problematic [...] There were lots of eligibility requirements, paperwork and restrictions that were added later, and lots of moving of goal posts that should have been clear at application stage."

"The process of applying for the second EU Structural funds was so complex/ onerous/ long (2 x 64 page business plans that we worked on for over 18 months that we eventually had to take the organisational decision that we would no longer be able to apply directly to WEFO) [...] Our experience so far of

> *applying for SPF has been much better, with regard to the actual application forms. However, the timescales and lack of information has been difficult."*

There was also a sense that the post EU funding was more relevant to local need at a grassroots level. This theme is expanded upon later in this summary note:

> *"The paperwork requirement to date is far more proportionate and reasonable than that experienced through EU Structural funding which as well as reducing the organisational burden looks set to allow us to shape interventions much more around local needs rather than the pre-prescription involved with EU structural funds."*

4.   Improved structure for distributing funding

All organisations that indicated they were receiving post EU funds were asked to suggest improvements to the current funding process.

Several respondents suggested Welsh Government or a separate body managed Wales wide projects to ensure more efficient ways of working:

> *"While there is an important role for hyper local interventions, the lack of framework for pan-Wales projects risks seeing the entrenchment of a postcode lottery with individuals being unable to access interventions from which they would benefit. There is a need for a framework to support pan-Wales delivery."*
>
> *"One administering entity within Wales could provide the simplicity, speed and synergy required to maximise the pan-Wales opportunities."*
>
> *"Joint process across Wales with the ability to work across LA's."*

Some respondents felt that this approach would ensure more transparency and governance:

> *"There should be ring fenced funding for the third sector, centrally managed by Welsh Government. There should be a requirement for transparent processes for allocation of funding."*

A number of respondents felt there was a 'need to enhance the regional approach' which has been incorporated within two regions of Wales.

5. Improved communication and timescales

There was a request for improved communication between potential applicants and local authorities:

> Suggested improvement: *"Clear and consistent information asked for along with guidelines and information about targets and aims."*

The delays in communicating had impacted the overall timescales and respondents felt that this current tranche of funding had been severely impacted by unrealistic timescales for delivery:

> *"Due to delays in launching the SPF and the opening of the bidding process, the timescales for delivering interventions has become increasingly truncated. Interventions under the SPF need to have ended and be reported on by March 2025. Advice we have received has asked for projects to end by December 2024. With the bidding process not yet complete, the earliest that projects could be staffed and up and running is late summer of this year, leaving roughly 12 to 15 months for active delivery."*
>
> *"Multiple bidding processes have overlapped and created capacity challenges for ourselves in order to complete and submit applications on time."*
>
> *"It has felt very rushed. Detail has been slow to emerge and planning was expected and submission time lines were very tight."*
>
> *"Longer term EU funding did allow that to be retained and promoted, but with the promotion now of funding which is 12-18months at most, it does not positively promote the retention of skills as staff need security more long term."*

6. Funding gap impacting retention of skills in Wales

A number of respondents described how a negative impact had occurred as a result of uncertainty and having a funding gap between the end of EU Structural Funds and the beginning of post EU funding streams. They felt this had had a direct impact on the retention of skills within Wales:

> *"The gap between the end of EU funding and the start of SPF funding has already seen a loss of experience and expertise within the third sector."*

"The release of these funds is way behind schedule, the harm that gaps in provision since the end of ESF funding has caused is unbelievable and has impacted overwhelmingly on the very demographic all our organisations are trying to help."

"There has been a lack of stability since the end of EU funding, several staff members could not have their contracts extended as a result. The egregious lack of information and inability to stick to proposed timetables is laughable. The effects on end users will be felt for years to come."

"The cliff edge scenario of removing ESF and having a seamless transition to new funding has not happened."

"The gap between the end of EU Structural Funds and the start of the SPF has forced many organisations to make difficult decisions to guarantee their financially sustainability."

7.   A perception that post-EU funding is less than pre EU funding

There was a view among respondents that they were receiving less funding under the SPF than under EU Structural Funds.

"As a result of actively engaging with the Local Authority the organisation has been successful in securing funding via SPF for 2 years (albeit not at the same level of funding as via ESF)."

"Funds have be to a lesser extent to that of EU funding which has hindered a lot of potential development. The way in which you are expected to spend the money on a percentage year on year basis is challenging, and this allows us not to develop programmes on a footing of a two year delivery basis. SPF funding has created a cliff face to fall off in year three."

8.   Increased local level project support, based on local needs

Respondents were invited to outline what opportunities they felt the new funding streams provided. One of the main benefits illustrated was how local level projects were being better supported and projects were being created based on local needs. Here are some of the opportunities highlighted by respondents:

> *"A more localised decision about things that matter to local people."*
>
> *"It has allowed us to develop programmes based on local need. It has given us the autonomy to develop our programmes moving forward that are less strict and not postcode drive - which has been a missing component during the ESF delivery years."*

9. Potential for better collaboration and partnerships

Respondents felt that there was potential for stronger collaboration at a local authority level, albeit they described how this was a future aim:

> *"Done well, it could provide an opportunity for some longer term changes in the way the LA works with the community and the voluntary sector that would be beneficial in terms of empowering community action and the positive outcomes this creates - in terms of wellbeing, agency, prevention, social values etc."*
>
> *"The fund (SPF) offers an opportunity to start conversations with Local Authorities, and hopefully build lasting relationships at that level, as well as develop new partnerships and delivery offers for our young people, in more areas across Wales."*

Some respondents also felt the new funding streams offer more potential to pilot new projects:

> *"It allows for new project proposals to be tested as pilots, and evidence to be gathered through the delivery and engagement of communities, for larger potential future longer term funding, as well as other projects potentially becoming self-sustaining financially."*

It's clear that as well as enthusiasm for partnerships, there is awareness that the funds are available from the results of question 9:

*Where **1 = not aware and 5 = very aware**, how would you describe your organisation's level of awareness of post-EU regional development funding?*

The average rating was: 4.35

Number of participants selecting this value
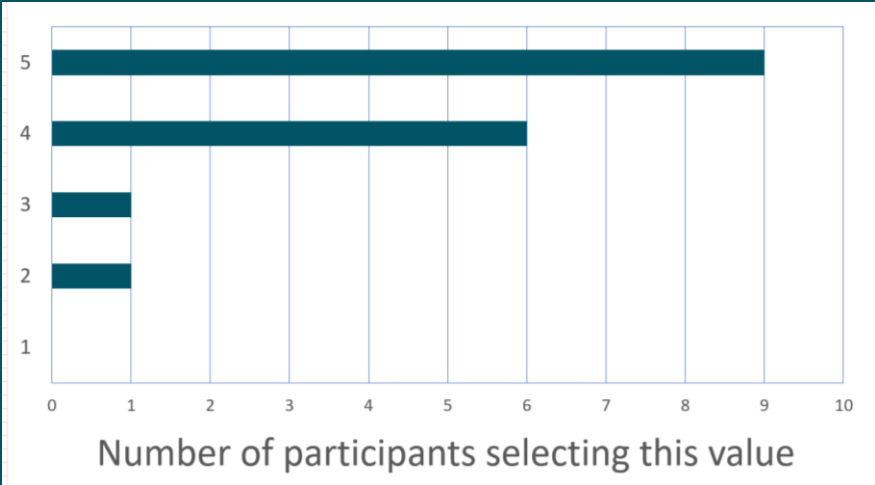
10.   Lack of governance and transparency

Many respondents shared a view that the local authorities' management of the funding was flawed. They thought local authorities had limited the amount of funds available to other organisations after allocating funding to their own projects:

"[it's] Very obviously in some areas the funding has been used to prop up local government shortfalls and none has come out for open bidding by the third sector."

"Post Brexit, all funding has gone to local authorities and, given the state of their finances, very little of it has been offered out to the voluntary sector as grants or as partnership projects."

Annex 1

Please tell us a bit about you and your organisation

1. In what capacity are you completing this survey? As a...

   Voluntary sector organisation / Business / College / University / Local Authority

2. To help us understand more about your situation, what is the name of the organisation you are completing the survey on behalf of?

3. In which local authority area is your organisation based?

4. This inquiry aims to understand more about your experiences of the following funding streams:

   - EU Structural Funds

   - The UK Community Renewal Fund (the pilot for the Shared Prosperity Fund)

   - The UK Shared Prosperity Fund

   - The Levelling Up Fund

To ensure that you are asked the most relevant questions within this survey, please select 'yes' below:

If your organisation has only received (or are receiving) EU Structural Funds and / or the UK Community Renewal Fund and ARE NOT receiving any funds from the UK Shared Prosperity Fund or the Levelling Up Fund

Yes / No / I'm not sure

5. Please select 'yes' below:
   If your organisation has received (or are receiving) EU Structural Funds and/or the UK Community Renewal Fund and HAVE ALSO applied for or received funding from the UK Shared Prosperity Fund or the Levelling Up Fund

Yes / No / I'm not sure

6. Please select 'yes' below:
   If your organisation HAS ONLY received or applied for either the UK Shared Prosperity Fund and / or the Levelling Up Fund

Yes / No / I'm not sure

7.   Please select 'yes' below:
     If your organisation has not received any of these funding streams:

- EU Structural Funds

- The UK Community Renewal Fund (the pilot for the Shared Prosperity Fund)

- The UK Shared Prosperity Fund

- The Levelling Up Fund

Yes / No / I'm not sure

EU funding and post-EU funding

You have told us that you received EU funding and have applied for, or are receiving, funding from the Shared Prosperity Fund and/or the Levelling up Fund.

8.   If applicable, how does your organisation's experience of the process for applying for the Shared Prosperity Fund and/or the Levelling Up Fund compare to applying for EU Structural Funds?

Please tell us about post-EU regional development funding

9.   Where **1 = not aware and 5 = very aware**, how would you describe your organisation's level of awareness of post-EU regional development funding.

10. Where **1 = very inaccessible and 5 = very accessible**, how would you describe the accessibility of the current funding? In terms of…. Successfully identifying and supporting all the communities and areas of Wales that are in greatest need

11. Where **1 = not straight forward and 5 = very straight forward**, how would you describe the processes for applying for the Shared Prosperity and Levelling Up funds?

12. Tell us your suggested improvements to the current funding process:

Have your chance to have your say

13. What are the **challenges** of the UK Shared Prosperity Fund and / or the Levelling Up Fund for your organisation?

14. What are the **opportunities** of the UK Shared Prosperity Fund and / or the Levelling Up Fund for your organisation?

15. Is there anything else you want to tell us about your organisations experience of the post-EU regional development funding?