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Y Gweinidog Newid Hinsawdd
Minister for Climate Change



Llywodraeth Cymru
Welsh Government

Ein cyf/Our ref: JJ/PO/342/2023

Paul Davies MS
Chair
Economy, Trade and Rural Affairs Committee
Welsh Parliament
Cardiff Bay
Cardiff
CF99 1SN

16 October 2023

Dear Paul,

Many thanks to you and the Economy, Trade and Rural Affairs Committee members for considering Supplementary Legislative Consent Memorandum (SLCM) (No.4) on the UK Government's Levelling Up and Regeneration Bill (the Bill).

I have provided a response to the questions in your letter of 2 October 2023.

Paragraphs 93 – 103 of SLCM (No.4) set out the Welsh Government's position on the proposed amendments to Part 1 of the Bill – the Levelling Up Missions. At paragraph 111 you state your view that the amendments tabled by the UK Government on 4 July 2023 on Part 1 of the Bill improve upon the position set out in the original revised LCM for this Bill, laid on 25 November, to the extent that you now recommend that the Senedd gives consent to the Bill. In that revised LCM it was recommended that consent was not given to Part 1 of the Bill. In paragraphs 97 and 98 of SLCM (No. 4), you detail the concerns that remain in relation to Part 1 of the Bill, and the concerns are also noted in paragraph 111.

It would therefore be helpful to have more information on how you consider the position to be improved, and the concerns that remain in relation to Part 1, especially given that you are now recommending that consent is given.

The amendments proposed by the UK Government clearly indicate a recognition of the role of Senedd Cymru and the Welsh Government in the devolved areas covered by the Levelling Up Missions and respond to the concerns we have consistently expressed to UK Government on this Bill.

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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.

The amendments place a number of consultation and due regard obligations on the UK Government when setting, reporting, revising and reviewing the statement of Levelling Up Missions and associated methodology. The amendments also require a Minister to report to Parliament on how they have had regard to the role of Senedd Cymru and Welsh Government which will be subject to scrutiny.

In operation, the UK Government would be required to take account of the role of the Senedd and Welsh Government, carrying out appropriate consultation and give due regard to the representations made. I recognised that this was a much-needed improvement to the Bill, creating a necessary fetter on the relevant Minister of the Crown in devolved matters, and create a report open to scrutiny on how they have given due regard.

The Welsh Government, in line with its devolved responsibilities for regional economic development, has worked in partnership to help address the long-term structural economic challenges in Wales and the geographical disparities between different parts of the United Kingdom (UK) and the European Union (EU).

However, several funds associated with levelling up have been established by the UK Government using the UK Internal Market Act powers to take spending decisions directly in devolved areas while bypassing the Welsh Government and Senedd. Undermining regional policy and imposing these funds on Wales without meaningful partnership with the Welsh Government and with little regard for the distinct needs of Welsh stakeholders is costing Wales jobs and growth.

Regional economic development is devolved to Wales, and funding for devolved functions should come to the Welsh Government for Welsh Ministers to allocate in line with its priorities and strategic direction and subject to the scrutiny of the Senedd. This will help avoid duplication of services, blurred accountability, poor value for money, sector funding gaps and an incoherent and confused funding landscape where small amounts of money are spread thinly on short-term, localised projects.

The Minister for Economy has recently appeared before your committee to discuss the concerns we have with the approach taken by the UK Government to the Levelling Up and Shared Prosperity funds. We are pleased the Committee has acknowledged, in its report Post-EU Regional Development Funding, many of the points we have been making to the UK Government and others about its approach to Levelling Up and post-EU funds for several years. A range of other cross-party committees, both in the Senedd and Westminster, as well as independent think-tanks and the National Audit Office also share many of our concerns about the approach the UK Government has taken to Levelling-Up and post-EU funding.

It remains unclear how Part 1 of the Bill will impact on the competitive-based Levelling Up Fund, and this has been a source of debate during report stage in the House of Lords. Applicants for the Levelling Up Round 2 were asked to explain how their bid aligned to the missions set out in the Levelling Up White Paper and we understand that the annual reports on the levelling up missions required by this Bill will include, where relevant the contributions made by projects and programmes. Five local authorities in Wales (Flintshire, Merthyr Tydfil, Monmouthshire, Newport and the Vale of Glamorgan) are yet to receive any funding from the first two rounds and arrangements for the third round of the LUF are yet to be announced despite this short-term fund ending in March 2025.

In the SLCM I highlighted our concern about the lack of engagement with Welsh Government on the drafting of the missions and on the associated metrics. We have been approached to engage directly on the metrics for the wellbeing mission but am awaiting a rescheduled date. UK Government have told us that the Levelling Up Missions this will not create new reporting targets or priorities for devolved public bodies. Metrics will be UK level measures not performance related indicators relating to specific sectors or bodies.

We have through the Well-being of Future Generations (Wales) Act 2015 a set of seven national well-being goals, described on the face of the Act, and supported by 50 well-being metrics and 18 milestones. These are the goals that are guiding the work of Government and named devolved public bodies in Wales. The provisions in clauses 1-6 of the Bill contain some of the elements that are already provided for through the WFG Act. This includes annual reporting, indicators and milestones and the setting of objectives to shape delivery.

It would also be helpful to know why SLCM (No.4) was laid over a month after the amendments were tabled

We received information on proposed amendments to the Bill from the UK Government at short notice and therefore we needed to assess the implications of these amendments from both a legal and policy perspective in order to lay a supplementary Legislative Consent Motion which we did at the earliest opportunity. I regret we were not able to publish the SLCM sooner.

Can you confirm whether any other amendments have been tabled that have removed clauses that previously required Senedd consent;

No amendments have been tabled that remove clauses that previously required Senedd consent. Although you will note that SLCM (No.5) a, laid on 6 October, contains provisions that have been tabled in lieu of amendments that were tabled during Committee and Report stage, which were subsequently agreed. In terms of Part 1 amendments have made this Part more palatable but the clauses have always in our view required Senedd consent.

Can you confirm whether the UK Government is of the view that the clauses and schedules as amended or inserted by the amendments set out in SLCM (No.4) require the consent of the Senedd

The UK Government remain of the view that the Legislative Consent Motion process is not engaged by Part 1 of the Levelling Up and Regeneration Bill but is engaged for Part 3 Chapter 1 (Planning Data) and Part 6 (Environmental Outcomes Reports). This was first set out in Annex A of the [Explanatory Notes](#) to the Levelling Up and Regeneration Bill as brought from the House of Commons on 19 December 2022, and was confirmed to me in a letter from the Parliamentary Under Secretary of State for Levelling Up, the Union and the Constitution in May 2022, and the letter from the then Minister for Levelling Up in November 2022.

This position does not change because of the proposed amendments as set out in SLCM (No.4) or SLCM (No.5).

Yours sincerely,



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