

Industrial Communities Cross Party Group

Minutes of the Meeting of the Industrial Communities Cross Party Group held on 7th February 2023 via Microsoft Teams

1. Present

Vikki Howells MS (Chair);
Lisa Nandy MP, Shadow Secretary of State for Levelling Up and Communities;
David Rees MS;
Luke Fletcher MS;
Jenny Rathbone MS;

Colin Beattie MSP (Convener, Scottish Parliament CPG)
Richard Leonard MSP
Ian McCrory, Fife Council

Professor Steve Fothergill, ICA National Secretariat;
Chris Whitwood, ICA Secretariat;
Paul Beel, ICA Secretariat;
Peter Slater, ICA Wales;
Meirion Thomas, ICA Wales;
Roddy MacDonald ICA Scotland

Cllr Gareth Jones, Rhondda Cynon Taf CBC;
Cllr Anthony Hunt, Torfaen CBC;
Cllr Tyssul Evans, Carmarthenshire CC;
Cllr Neelo Farr, Bridgend CBC;
Cllr Tim Bowen, Neath Port Talbot CBC
Cllr Michelle Symonds, Merthyr Tydfil CBC
Cllr Danny Grehan, Rhondda Cynon Taf CBC
Cllr Ryland Doyle, Swansea City Council

Nicola Pearce, Neath Port Talbot CBC
Paul Hudson, Caerphilly CBC;
Rob Wellington, Torfaen CBC

Robin Lewis, Office of Vikki Howells MS;
Alexander Still, Office of Hefin David MS;
Ioan Bellin, Office of Rhys Ap Owen MS.

Professor Kevin Morgan, Cardiff University;
Gwion Rhisiart, Plaid Ifanc;
Elena Haf, Guest
Dr Elizabeth Haywood, Guest
Thomas Owen
Claire Williams

1. Welcome

The Chair of the Cross Party Group, Vikki Howells MS, welcomed those attending the CPG and gave particular welcome to Colin Beattie, Chair of the Cross-Party Group on Industrial Communities in the Scottish Parliament and his colleagues.

2. Apologies

None reported

3. Minutes of previous meeting held on 19th October 2022

Approved without amendment

4. Group Membership Update

Meirion Thomas, newly appointed ICA Director Wales, was elected as a member of the group.

5. Election of Secretary

The meeting expressed its gratitude to outgoing secretary Peter Slater for his dedication to the group and wished him well.

Meirion Thomas was appointed as the new secretary and was welcomed to the role by the Chair.

6. Levelling Up

i) **Streamlining the Levelling Up Fund: Professor Steve Fothergill, National Director, Industrial Communities Alliance**

Professor Fothergill delivered an update on the government's intention to streamline Levelling Up funding, as initially mentioned in the Levelling Up White Paper. He presented a paper on Six Principles of Streamlined Levelling Up Funding, which had been agreed by Alliance member authorities in Wales.

Professor Fothergill reported that the UK Government have expressed an intention that the basic architecture of the streamlining plans will be announced in Spring 2023 with the final allocations being announced as part of the UK Spending Review in 2024. There is therefore still an opportunity to shape how streamlining may occur.

He explained that the counterpart CPG in Scotland had similarly discussed the Streamlining Six Principles paper and, on that basis, they decided to make representations to the Scottish Government.

Professor Fothergill noted that Wales was at risk of losing out if streamlining simply followed Barnett Consequentials as on funds such as

the UK Shared Prosperity Fund, Wales received significantly more per capita than Scotland and regions of England.

The Chair thanked Prof Fothergill for his contribution and invited questions and comments.

Professor Kevin Morgan commented that in his view the Six Principles were appropriate and further that the UK Treasury's approach has been to not allow funding programmes to be sufficiently long term or multi-annual in nature. This, in his view, hampers regional economic development and instead promotes short term thinking. Further, the current approach to Levelling Up funding effectively undermines the devolution settlement for Wales and ignores the experience of working collaboratively to support strategic investments.

In responding Prof Fothergill confirmed that these points were also raised in the Scottish context and that these areas of the debate in particular were likely to be the main areas of contention moving forward.

Professor Fothergill also noted that while, compared to other UK areas, Wales did well in regard of the second round of Levelling Up Funds recently announced, the process of allocating funds had not been well-handled from the perspective of local authorities. For example, delays in the decision-making process had not been well communicated leading to expenditure on large scale projects being time constrained.

Furthermore, Prof Fothergill noted that decisions regarding the eligibility of some local authority projects were made arbitrarily by Ministers with no prior warning given. This has led to a significant wasted effort and investment in bid writing for local authorities across the UK including in Wales. Cllr Anthony Hunt (Torfaen CBC) echoed this analysis commenting that the experience of many local authorities has led to scarce financial resources being wasted.

In repose to a query from Cllr Gareth Jones (Rhondda Cynon Taf CBC), Prof Fothergill confirmed that little or no notice regarding changes in the decision-making timetables or changes in eligibility of projects were provided to local authorities and that Ministers had made arbitrary decisions.

It was agreed that, on the basis of the information and analysis provided by Professor Fothergill and the comments from members of the CPG, the Chair should write to Welsh Government Ministers to make clear the urgency of making representations to the UK Government regarding its plans for future Levelling Up funding.

- ii) **The Labour Party's Perspective on Levelling Up: Lisa Nandy MP, Shadow Secretary of State for Levelling Up, Housing and Communities**

The Chair welcomed Lisa Nandy, the Shadow Secretary of State for Levelling Up, Housing and Communities to the meeting and asked her to provide the CPG with the Labour parties perspective on Levelling up and what that may mean for different parts of the UK including particularly, Wales.

Lisa began by recognising that a fundamental problem needs to be solved which is that for the past 20 years London and the South East of England have received the main focus of central government for large scale public investments. This means that that investment has been too focused on the South East of England and London and that in areas of the country that are outside these favoured areas good, well-paid jobs have gone, skilled people have left, and economic vibrancy has been lost from communities across the UK.

In the Labour Party's view, dealing with this problem simply by a redistribution is not going to be enough as we move forward. Rather, investment is needed to overcome the social fracture which has been the result of the lack of the imbalance of investment across the UK to the detriment of the UK nations and regions outside of the South East

In the Brown Report, commissioned by the Labour Party¹, Gordon Brown set out the case for a future Government to make definitive and decisive steps to move investment outside London and the South East.

Lisa explained that the Labour Party recognises the need for this and further that it will require a place-specific and an asset-specific approach that allows long term plans for growth to be delivered locally. To achieve this it will be necessary to end unproductive competitive bidding for scarce resources and instead invest on the basis of long-term funding arrangements and accompanying strategies that allow investment plans to be implemented across different sectors and places across the UK which are joined up, streamlined and simplified.

In Scotland, with its devolution settlement, Lisa believes that much of this can be achieved through additions to the Barnett Formula. In Wales, however. Its devolution settlement and the significant impact of the loss of EU funding requires integration of new funding streams.

In both Wales and Scotland, Lisa said that the devolution arrangements will be respected by a future Labour Government and arrangements made which will support good local and regional development and the funding of locally driven and delivered growth plans. The challenge, as set out by Lisa, is to get growth delivered everywhere throughout the country requiring respectful relationships at all levels of government and across all areas of the economy and society.

¹ A New Britain: Renewing our Democracy and Rebuilding our Economy. Report of the Commission on the UK's Future, Labour Party 2022

A key focus for a future Labour government will therefore be to build delivery into its plans for the UK's future, not simply making undefined wish lists with no delivery mechanisms identified.

The Chair thanked Lisa for her participation and presentation and invited comments from the CPG. She also explained that she and other MSs present would need to leave the meeting shortly to attend First Ministers Questions being held in the Senedd Chamber.

Jenny Rathbone MS had to leave the meeting but left a question for the Shadow Secretary of State which was whether a future Labour Government would devolve the income from the Crown Estates in Wales for the benefit of the people of Wales as has been done in Scotland.

Lisa responded that the Labour Party could not commit to that move for now because it has commissioned a report on how public assets can best be used for the benefit of communities across the UK including in the devolved nations.

Colin Beattie MSP (Convenor of the Scottish Parliament Cross party Group on Industrial Communities) asked the Shadow Secretary of State how a future Labour government would deal with the Scottish Government in the allocation of levelling up funding.

Lisa responded by saying that she had made a public statement that, as the Shadow Secretary of State for Levelling up, she very much wants Michael Gove the UK Government Minister responsible, to succeed in the drive of the government to level up the UK economy. This was too important an ambition not to succeed. It has however been very frustrating for her that this policy commitment has been slow to materialise in real terms. However, she is committed that a future Labour Government will show a long-term commitment to Levelling up and bring together all parties and across all sectors to make it work. Even in Scotland, without disrespecting Scottish Government arrangements, there was a way in which a devolved mayoral model as set out in the Brown Commission Report could work to build effective delivery partnerships.

In response, Professor Kevin Morgan underlined that devolution and development are two sides of the same coin and that where there is a democratic deficit in the processes for funding programmes, for example the Shared Prosperity funds, there was also going to be a deficit of efficiency which the earlier presentation by Professor Fothergill had also referred.

Lisa, in response, turned to the situation in Wales in particular and emphasised that the Labour Party has looked at the positive experience of building institutions and mechanisms including the Development Bank for Wales and Business Wales designed to deliver at scale. The Labour Party recognises that these mechanisms are doing the development job in Wales already and that any pulling of funding back into the centre of UK

government is not only a lack of respect for devolution that is not just pulling back funding but more fundamentally, is pulling back power into the centre.

Councillor Gareth Jones. Rhondda Cynon Taf asked whether the Swansea Bay Barrage which had, under a previous Conservative administration been endorsed by the Prime Minister, Theresa May, but then rejected by Westminster, now had the support of the Labour Party.

Lisa confirmed that, in her previous shadow ministerial roles she was very well aware of the Swansea Bay Barrage being on the political agenda in 2016. The Labour Party had strongly supported it at that point and is, in principle, still in. With a commitment to clean energy, the environment and levelling up merging together, a future Labour Government will bring forward a Green Prosperity Plan to promote such strategic opportunities.

In the absence of the Chair of the Cross-Party Group, Meirion Thomas, the secretary to the Cross-Party Group, thanked the Shadow Secretary of State for her attendance, her participation in the meeting and for her constructive and open responses to the comments and questions from the Group.

7. Topics for future meetings and next steps

Meirion Thomas noted that there are a number of steps that could be taken to progress the agenda for Levelling up funding in Wales in line with actions elsewhere.

Professor Steve Fothergill encouraged the group to make clear representations to the Welsh Government and other institutions in Wales regarding the Streamlining principles.