

National Assembly for Wales Finance Committee

Inquiry into preparations for replacing EU funding for Wales

Response by the Bevan Foundation

1. The Bevan Foundation develops solutions to some of Wales' most challenging problems. We are a registered charity and independent of government and any political party. We are grateful for the opportunity to contribute to this inquiry.
2. Our comments draw on work undertaken in partnership with the Welsh Local Government Association on regional policy after Brexit in 2017.¹ It is also informed by the experience of our Director, Victoria Winckler, who drafted numerous EU programmes including the former Objective 2 and Rechar programmes, was instrumental in securing Objective 1 status for West Wales and the Valleys and in the creation of an arms-length body to administer EU funds.
3. The Bevan Foundation is not involved in current EU programmes in any capacity.

Financial Planning

4. We are not engaged in or aware of any planning for replacing EU funding or in any scenarios created, but this is not to say that they are not underway. Given the importance of EU funding to several policy areas and the adjustment that may well be required it would appear to be sensible to make preparations, no matter how uncertain the situation.

Alternative administrative arrangements

5. The current arrangements for administering EU funds are the product of 30 years' sometimes bitter experience, and some principles that underpin the current approach should be retained:
 - a. Administration should be independent, transparent and accountable, so that people and organisations have confidence that funds are allocated fairly, without favour. We would suggest that administration should be by an arms-length body, although not one necessarily that covers the whole of Wales.
 - b. Prioritise the areas of greatest need: those areas with the greatest economic challenges should be the focus of greatest investment. This principle that secured EU funding in the first place should continue to apply and do so within Wales.
6. There are also important lessons to be learned from the current approach, as follows:
 - a. **Link with regional policy:** successful use of regional development funding requires that there are clearly articulated economic plans. Many past EU funding programmes have had to operate in a policy vacuum, resulting in a patchwork of loosely-connected projects and sometimes duplication of effort. A clear blue-print

¹ After Brexit: Regional economic policy in Wales October 2017. Available at:
<https://www.bevanfoundation.org/publications/brexit-regional-economic-policy-wales/>

for the appropriate parts of Wales, showing key investments by a range of partners, is therefore key.

- b. **Allow for variation between areas:** different parts of Wales have different socio-economic needs and potential. A framework for rural mid-Wales should be very different to one for the Heads of the Valleys. An all-Wales approach, or even a four-regions approach, is not necessarily the most appropriate geographical scale for planning purposes.
 - c. **Timely decision-making:** the early days of almost all programmes were characterised by very considerable delays in decision-making. It is vital that there is a quick turn-around in decisions about future funding.
 - d. **Focus on long-term outcomes:** replacement funds should be focused on achieving tangible improvements in prosperity over the longer term, particularly for the least well-off people and places. This points to a focus on boosting productivity, low pay and job quality and increasing the skills and prospects of those with the fewest qualifications; and recognition of the importance of the foundational economy as well as high tech sectors.
7. Last, while it is outside the terms of reference of the Committee, a period of very significant economic adjustment is likely to occur in the years after Brexit, as industries adapt to changes in their markets, new competition, potentially new product requirements and possible changes in their workforce e.g. if zero net-migration is achieved. Any new administrative arrangements and forward planning will need to be both imaginative and highly responsive to new and potentially pressing circumstances.

Victoria Winckler

Bevan Foundation

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