

Stakeholder Engagement: The Preparations for Replacing EU Funding for Wales after Brexit

Finance Committee | 13 June 2018

The Committee held an informal stakeholder event at the National Waterfront Museum, Swansea City Bay Region, on 07 June 2018. The event focussed on pre-budget scrutiny and the inquiry into preparations for replacing EU funding for Wales.

1. Governance

Stakeholders were agreed in their opinions on the governance of replacement funds, with delegates, in principle, arguing for Wales having full control over its new funding streams, rather than having them pass through Westminster first. Some stakeholders advanced the argument that managing our funds in Wales would help to avoid cross-competition for funding. However, a subset of stakeholders raised a caveat that Wales would be in danger of becoming too insular if it were the case that all funding came directly to Wales, and that precautions must be put in place to mitigate for this.

Some delegates raised concerns regarding the relationship, and flow of information, between the Welsh and UK Governments, and between the Welsh Government and organisations and businesses. These were:

- that there is very little information on how the Shared Prosperity Fund is shared;
- the need to consider the legal aspects of the desired funding governance arrangements after Brexit. A stakeholder suggests that “we need legal arguments for our case for maintaining funding and the EU Bill, and need to be sure to get evidence-based funding”;
- that there is a considerable lack of inter-governmental discussions occurring during the Brexit process, causing anxiety within the third sector in particular (this was recorded on two occasions: as a general point in the first instance, and with respect to long-term strategies and funding plans in the second); and
- that there is, as of yet, very little discussion or signposting happening “on the ground” between the Welsh Government and organisations/businesses, and that there should be more engagement on the future with these organisations.

Further comments from stakeholders include:



- a recommendation that Wales pursues a “cash floor”, which would guarantee that funds for Wales do not fall below a certain amount;
- that there should be no regional or local administration for universities, since they do not operate within such spatial constraints;
- that the Welsh Government should prepare for a big culture change, given that devolution has “grown up around the EU”;
- that there is “too much bureaucracy at the moment, and too many timesheets”, and that businesses should be allowed to “deliver and police themselves”. Some stakeholders expressed dissatisfaction with the level of bureaucracy in applying for EU funds, saying that this doesn’t allow for the flexibility of speculative applications for funding, whilst others said that the European Investment Bank has been a good working partner, due to its light-touch auditing and relative lack of bureaucracy; and
- that there is a need for a slightly independent WEF0-like body. Stakeholders indicated that, if this were a department of the Welsh Government, it must be ensured that it works closely with other government departments and organisations.

2. How replacement funds should be allocated

Stakeholders noted profound difficulties in assessing risks during the Brexit process, but that areas of particular risk include:

- Higher education
- Agriculture
- Large capital projects

A number of stakeholders indicated that the current budget should be used, as a starting position, for determining the use of new funding streams after Brexit. The following sub-themes also emerged during discussions:

2.1 Structural Funds

Stakeholders recognise that Structural Funds have been valuable in providing all-round care, in the sense that they join up the different parts of the economy, and have assisted with funding infrastructure projects, apprenticeship schemes (one stakeholder quotes £600 million as the amount received from the EU to fund skills apprenticeships over the past 10 years), skill development in the younger demographic etc. Some delegates advocated for new funding streams’ functioning to mimic these aspects of Structural Funds. Amongst representatives of the education sector, concern was raised over the possibility that the workforce will suffer if adequate funding arrangements aren’t in place, and that our workforce may not be able to compete with the well-funded EU27.



2.2 Universities, Research, Industry and Innovation

Stakeholders raised the need to replace the £50 million allocated to universities annually via European Structural Funds. There was also concern amongst stakeholders that our competitive edge in Research & Development could be lost by exiting the EU.

The need for more holistic attitudes to funding were also raised with respect to the relationship between universities, industry and government. Some stakeholders advocated for more collaboration between universities and industry on jointly funded projects, and the adoption of elements from the German “Frauoffer Scheme”, within which government, universities and industry work more closely together. There was also a call to link in with alternative sources of funding, e.g. Innovate UK and Catapult Centres, to enable this research and innovation.

Additional comments made included:

- The necessity of needs-based funding schemes for universities in the future, to ensure that the Golden Triangle doesn't soak up all funding.
- That we should aim to remain part of the Erasmus project, Horizon 2020, and big European Research & Development partnership projects.
- That more funds should be allocated to the relationship between universities and the NHS.

2.3 Voluntary Sector and Equalities Projects

Stakeholders noted briefly that funds should be allocated to replace EU funds for equalities projects and the approx. £90 million of direct funding to the voluntary sector. Representatives of voluntary sector organisations recommended that funds are used where they are allocated now, as a starting point.

