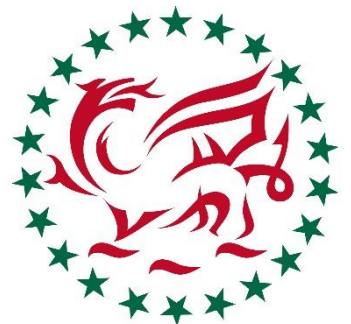




# Regional Investment in Wales After Brexit

March 2018



CLILC • WLGA

## **INTRODUCTION**

1. The Welsh Local Government Association (WLGA) represents the 22 local authorities in Wales, and the three national park authorities, the three fire and rescue authorities, and four police authorities are associate members.
2. It seeks to provide representation to local authorities within an emerging policy framework that satisfies the key priorities of our members and delivers a broad range of services that add value to Welsh Local Government and the communities they serve.
3. We welcome the opportunity to respond to this consultation on Regional Investment in Wales after Brexit, and all the opportunities to engage during the consultation process. We look forward to continuing our engagement as the approach to a future Regional Investment model for Wales is developed and delivered.
4. We have consulted widely with all local authorities on this consultation thus our response takes into account the collective views of local government across Wales, as individual Local Authorities in some cases, and as part of wider Regional Partnerships in others.

## **Key Messages**

5. Local Government has been a key partner in delivering EU Funding in Wales over a number of programming periods.
6. Any replacement EU Structural Funds should adhere to the key principles that underpin EU Cohesion Policy i.e. partnership, multi-annual funding and primarily focus on areas of need in order to address the persistent gap between the economic performance of areas of need and areas of opportunity.
7. However, Brexit does provide an opportunity to do things better e.g. the removal of artificial programme boundaries enables the development of interventions that reflect functional economic areas. The removal of thematic concentration, different rules and regulations enables a more streamlined and integrated approach to be developed. We wish to see Wales take full advantage of this through the development of a Single Fund, combining capital and revenue, and much more streamlined and simplified processes for accessing and delivering funding.

8. We **welcome the proposed investment principles** set out in the consultation document, and fully agree with the emphasis on recognising and building on partnership working at the regional level.
9. Our key role as leaders and facilitators of **Regional Partnership Structures** developing and delivering City and Growth Deals across Wales, combined with our key role in delivering Regional Skills and Employment Action Plans, driving Economic Development collaboration at the Regional level and working with the new Welsh Government's regional approach to Economic Development, places local government in a unique position to play a central role in facilitating, developing and delivering the approach to future Regional Investment in Wales after Brexit.
10. **Existing and emerging Regional Partnership Structures provide key building blocks** to develop and deliver the approach to future Regional Investment in Wales after Brexit, be that to deliver Welsh Government and or funding from UK Government.
11. **A key priority for Wales is to understand the rules of engagement for accessing any replacement funding after Brexit.** Although we fully support the Welsh Government's lobbying of the UK Government to fully respect the devolution of economic development policy and funding, and provide full replacement funding to Wales, we must also prepare for the no devolved funding scenario. This needs to involve ascertaining if this will require us to adapt our existing and emerging Economic Development structures and partnerships to be able to compete with Local Enterprise Partnerships and Combined Authorities in England for future funds from the UK Government.
12. If funding is fully devolved to Wales, we would advocate the development of a National Framework to guide future investments with the full devolution of funding to the appropriate Regional Partnership Structures to design and deliver interventions, informed by their existing Regional Strategies and Vision documents.
13. We would also advocate the **devolution of wider Welsh Government and UK Government funding to the Regions** e.g. Transport, Regeneration, Employment and Skills funding and DWP funding i.e. a "whole economy approach". This could be in the form of **Regional Contracts**, to be designed and negotiated between each Region and the Welsh and UK Governments, with agreed outcomes.
14. One of the main benefits of EU funding is the multi-annual programming approach, with 7 year funding to spend over a 10 year period. As a result, and in light of the nature of

the City and Growth Deals' multi-annual funding agreements, we would wish to see **multi-annual programming** continuing as a key aspect to any new approach going forward. Whilst recognising the challenges of signing-up to agreements that involve any periods longer than that of a traditional governmental cycle i.e. 5 years, **a long term approach to future regional investment** is required if we are to deliver the changes to the Welsh Economy that are required in order to increase productivity and deliver long term sustainable economic growth across all parts of Wales.

### **Views on the overall approach set out in the paper and the principles identified in the paper**

15. We welcome the overall approach set out in the paper, in particular the investment principles to guide future investment and a greater role for regional partnerships in planning and decision-making.
16. We look forward to working with the Welsh Government to ensure that we have fit for purpose and appropriate partnership structures in place in each region, building on all the existing regional partnership structures.
17. We also look forward to working with the Welsh Government to strengthen the appropriate capacity required to support the development and delivery of a more integrated and collaborative approach to future regional investment across Wales, based on the existing and emerging Regional Partnership Structures. This needs to build upon and align with wider existing and emerging proposals e.g. relating to adequate support for the Programme Offices delivering the City and Growth Deals across Wales, to the regional collaborative working and the new regionally focused economic development approach outlined in the Economic Action Plan.

### **Views on the core priorities or objectives for investment that should be set by the Welsh Government**

18. Our view is that the Welsh Government should develop a National Framework and strategic objectives with key partners at the national level but that priorities for investments should be developed at the regional level.

## **Roles and responsibilities of Welsh Government / Regional Partnerships / Local Partnerships and ensuring the right mix of national / regional / local investments**

19. In terms of Welsh Government's role, if the funding will be devolved to Wales then we would envisage that the primary role of the Welsh Government would be to work with key partners to develop a National Framework to guide the approach to future investments.
20. Existing and emerging Regional Partnerships structures are uniquely positioned to facilitate, coordinate, design and deliver interventions, informed by their existing Regional Strategies and Vision documents. We would also advocate the **devolution of wider Welsh Government and UK Government funding to the Regions** e.g. Transport, Regeneration, Employment and Skills funding and DWP funding i.e. a "whole economy approach". This could be in the form of **Regional Contracts**, to be designed and negotiated between each Region and the Welsh and UK Governments, with agreed outcomes.
21. Spatial sub-regional and local partnerships and initiatives such as the plethora of rural footprints, valleys task force, enterprise zones, LEADER Local Action Groups and the Fisheries Local Action Groups, all have a role in identifying the differences in both need and opportunity, sensitive to the complexities of place and localities within each region. As a result future regional approaches will need to reflect and address such spatial sub-regional and local needs and opportunities in each region.
22. We would wish to see more engagement and delivery with people, communities and businesses at the local level within regional approaches going forward. The LEADER approach is an example of good practice in local partnerships and community led investments that should not be lost going forward.
23. Some elements of funding allocated to each region should be made available for local determination. In their role as lead bodies for a number of local programmes, local authorities are well placed to facilitate and coordinate local approaches and interventions, informed by wider sub-regional, regional and national strategies. Such local interventions require proportionate bureaucracy and prompt decisions. As a result funding decisions should be made locally. The model of delivery under the previous Rural Development Plan for Wales, which allowed much greater local determination of funding decisions and generated significant levels of community enterprise and

successful project delivery, should inform the development of future approaches to local delivery. Local Authorities accepted the risk of managing and distributing the EU funding, but turned projects around for approval within 3 months, in contrast to the current situation where the same funding, in the form of the Rural Community Development Fund, is taking upwards of 18 months to approve at a national level with disproportionate levels of scrutiny and over complex processes, leading to many projects giving up and not processing with their applications. Such onerous processes, over and above what is required under EU rules and regulations, must be avoided for the future.

24. In the main, national interventions have not worked well during the current and previous EU Funding programming periods, especially those designed centrally by the Welsh Government and other national organisations without input from regional and local partners. They have led to unworkable and undeliverable projects with unnecessary and over bureaucratic processes, and to duplication and overlaps of very similar interventions being funded, with funding awarded not to be best projects but to the ones able to meet tight deadlines and, in some cases, questionable criteria.
25. The best performing projects have tended to be those developed collaboratively by all partners at a regional level, regionally managed but delivered locally.

## **Opportunities to do things differently and with greater impact and**

### **Question 8: New or innovative approaches**

26. The removal of artificial programme boundaries enables the development of interventions that better reflect and align with functional economic areas. This will enable future interventions to better reflect the different needs and circumstances of different parts of Wales, based on the 4 Regional Economic Development Partnership structures. It will also enable consideration of more cross-border working with neighbouring authorities and partnerships in England and Ireland, where that is of benefit to Wales e.g. in relation to travel to work, some employment and wider connectivity issues.
27. The removal of separate fund specific rules and regulations will enable the development of more integrated interventions, combining the need to address opportunities and challenges across rural, coastal and urban communities and areas of need and opportunity within and across regions. Such flexibility will be key in developing and delivering more fit for purpose interventions in different parts of Wales. The ability to

combine capital and revenue funding to meet regional investment needs will also enable better interventions to be designed and delivered. Further, this will enable future funding to be utilised for wider interventions across a wider field of activities rather than only those eligible under EU funding, enabling regions to fund interventions across a wider sphere of activities if they wish e.g. housing and / or retail etc

28. A key priority for future regional approaches is to lever in more private sector investments. Private sector engagement and involvement in Regional Partnership structures, and in delivering the City and Growth Deals, provides the basis for leveraging in more private sector investments in the future.
29. New funding models also need to be explored, combining grant and repayable loans, in order to maximise the benefits of investments. This needs to build upon the experiences of the Development Bank for Wales and include a wider discussion with key Welsh Government Departments in order to progress wider funding and finance packages for future investments across Wales.
30. In terms of local innovation, the ability of LEADER to trial innovative concepts via pilot projects that may progress to other funding streams should not be lost in any future approach.

## **EU Programmes Wales should retain access to and how**

31. Ideally, Wales should continue to have access to all EU Funding Programmes that it currently accesses. Realistically, however, continued access to the following Funding Programmes will be vital for Wales, both for the remainder of the current EU programming period (to 2020) and for the future programming period (Post 2020):
  - HORIZON
  - ERASMUS
  - European Territorial Cooperation (Cross-Border Ireland Wales in particular)
  - Creative Europe
  - LIFE
  - Cooperation aspects of both the LEADER elements of the Rural Development Plan and Fisheries Fund
  - Themed Sectoral Programmes e.g. funding for nuclear energy, digital and young people

Continued access to the European Investment Bank will also be vital for Wales.

32. In terms of how to retain access to these funding programmes, Wales should continue its engagement with all existing EU and wider Associations, Partnerships and Networks. Participation in these will become more important after Brexit as it will enable Wales to continue to influence key EU legislative and policy developments and access funding from some programmes. Of particular importance to Wales is ensuring continued involvement in the following organisations:

- CEMR (Council of European Municipalities and Regions; WLGA members)
- CPMR (Conference of Peripheral Maritime Regions; Welsh Government members)
- Council of Europe (WLGA and National Assembly for Wales members)
- Eurocities (City and County of Cardiff members)
- European Network for Rural Development (Wales Rural Network members)
- Vanguard Initiative for New Growth through smart specialisation (Welsh Government members)

It will also be important for Wales to develop relationships with new organisations, associations and networks as follows:

- EEA (European Economic Area)
- EFTA (European Free Trade Association)

## **Engagement in developing and delivering future regional investment model for Wales**

33. Local Government wishes to be engaged as follows in developing and delivering a future regional investment model for Wales:

- At the national, all Wales level via the WLGA to develop a National Framework and Strategic Objectives to guide future investments.
- At the regional level: our existing and emerging Regional Partnership Structures for Economic Development to work with the Welsh and UK Governments to co-design, negotiate and agree Regional Contracts to deliver future regional investments. These should be informed by existing and emerging regional strategies, plans and vision documents and aligned to the Welsh Government's Economic Action Plan and the UK Government's Industrial Strategy.



- At the local level: as facilitators of key local partnerships, such as the LEADER and Fisheries Local Action Groups, Public Service Boards and Business Forums etc Local Authorities are ideally placed to coordinate the involvement of both the private sector and communities, and all other partners, as part of developing and delivering a future regional investment model for Wales.

**For further information please contact:**

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