



**Department for Levelling Up,
Housing & Communities**

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2 Marsham Street
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Rt Hon Stephen Crabb MP
Chair, Welsh Affairs Committee
House of Commons
London
SW1A 0AA

30 March 2023

Dear Stephen,

Research and Innovation Funding for Universities in Wales

Thank you for your letter of 23rd March 2023. As the UK Shared Prosperity Fund (UKSPF) falls under my portfolio I have been asked to respond.

As you will be aware, the UKSPF is a successor fund, not a direct replacement, to former European Union (EU) Structural Funds. Whilst I appreciate that Universities in Wales have been longstanding beneficiaries of the previous EU funding regimes, the approach we are taking with the UKSPF is fundamentally different.

Leaving the EU has allowed us to develop a new and tailored approach to supporting local growth opportunities. The UKSPF empowers and entrusts local leaders to deliver our shared ambition to level up Wales and the UK. The primary focus of the UKSPF is to support places to build on their strengths and needs at a local level, whilst focusing on pride in place and increasing life chances. I recognise that this represents a different approach to the previous arrangements that Welsh Universities have been working to under EU Structural Funds. However, I would emphasise that the UKSPF offers new opportunities for them to put forward ideas for research and innovation projects but in a way that reflects a wider set of local priorities and needs.

The principle of local subsidiarity is what drives the UKSPF and provides a unique opportunity for local leaders and their partners to fulfil investments that would not be possible under some of the restrictive practices associated with EU Structural Funds. To realise this ambition, in April 2022 we published the [UKSPF Prospectus](#) and invited each of the four regions in Wales to work with local partners to develop an investment plan to access their UKSPF allocation. We have been clear on the direction of travel for the UKSPF since publishing the Prospectus, giving Universities sufficient time to adapt and engage in the new funding landscape.

Numerous elements of the UKSPF have been adapted for Wales, such as the methodology for allocating funding to the four regions, along with the list of interventions that can be included in investment plans. The list of interventions for Wales acknowledges priorities for research and innovation and incorporates opportunities to invest in research and development (R&D), develop innovation infrastructure and strengthen entrepreneurship, all of which are pertinent to the work of Universities in Wales. Lead local authorities were strongly encouraged to engage widely with local partners – including current deliverers of EU Structural Fund interventions,

higher and further education institutions, business representatives and other strategic bodies – to ensure their investment plans complemented existing provision and so that interventions could be delivered at the appropriate scale.

It is for local leaders, informed by the content of their investment plans and their engagement with local partnership groups, to determine the best mix of interventions and projects to be supported under the UKSPF. We have not sought to undermine the autonomy of local decision makers by providing prescriptive guidance or placing undue restrictions on how funding should be utilised. Neither have we sought to directly influence or pre-empt the decisions made by local leaders on how they feel their UKSPF allocation would be best invested and how this might differ from previous funding regimes. Local authorities in Wales are in the process of commissioning delivery arrangements, with many operating open calls for partners to approach them with project ideas. I would urge Universities in Wales to engage in and support this work.

I understand that the Secretary of State for Wales has been actively engaging with university partners in Wales to discuss their concerns and is working with other parts of government to understand the long-term funding landscape for research and innovation across the UK and the benefits these will bring to Wales. This includes plans announced earlier this month by the Prime Minister to cement the UK as a science and technology superpower by 2030 and sits alongside the UK Government's commitment to increase direct funding for research and innovation to £20 billion a year across the UK by 2024-25 as part of our wider R&D Levelling Up Mission. I would encourage your committee to discuss some of these developments with the Department for Science, Innovation and Technology and others, including UKRI and Innovate UK, as they represent some fantastic opportunities for Universities in Wales.

I would also like to highlight the work being undertaken in partnership with the Welsh Government to develop new Investment Zones for Wales. In a similar way to the two new Freeports announced for Wales earlier this month, we expect Investment Zones to capitalise on new opportunities to drive research and innovation across key sectors of the economy, whilst being rooted in strong partnerships between government, Universities and the business community.

I look forward to my continued work with you and your committee members on the delivery of the UKSPF in Wales.

With every good wish / Gyda phob dymuniad da,

A handwritten signature in black ink, reading 'Dehenna' in a cursive, flowing script.

DEHENNA DAVISON MP