

Written evidence submitted by the North Wales Economic Ambition Board (SPF0033)

The North Wales Economic Ambition Board (NWEAB) welcomes the opportunity to respond to the Welsh Affairs Committee inquiry into the proposed UK Shared Prosperity Fund.

Background

The North Wales Economic Ambition Board is a Joint Committee of the six Local Authorities in North Wales along with the two Further Education Colleges, the two Universities and the North Wales and Mersey Dee Business Council.

The Board was established to support the development of the region's economy and has placed considerable emphasis on the successful delivery of the North Wales Growth Deal.

The North Wales region is committed to working together collaboratively and cross-sector for a common purpose to facilitate and accelerate economic growth via a single and ambitious growth vision for North Wales. The North Wales Growth Vision and Growth Deal is co-owned by key stakeholders across the region, and sets out a framework for strategic interventions for the economy of North Wales, including infrastructure development; skills and employment; and business growth.

The North Wales Economic Ambition Board have secured a Heads of Terms Agreement for the North Wales Growth Deal. The Heads of Terms confirm the overall investment of £240m by Welsh Government and UK Government to deliver a suite of programmes and projects. The Programme Office Team will continue work to achieve Final Deal Agreement by the end of 2020.

This inquiry comes at a time of uncertainty, due to the implications of Brexit as well as COVID-19 and the influences these will have on the economy.

How effective have existing arrangements for the management of European Structural Funds been?

European Structural Funds has underpinned economic development in North Wales for the last 20 years. The programmes ensured certainty in capital and revenue Investment that were mutually beneficial and reinforcing through the balance of investment between capital infrastructure and investments (ERDF) and revenue funding for skills and people development (ESF).

The certainty that the programmes ensured through multi-annual programming helped ensure an element of resource planning both in terms of retaining expertise and match funding.

European funding has been effectively managed and administered by WEFO, with robust management systems in place to oversee, audit and scrutinise. However, the arrangements by WEFO have been bureaucratic with a high level of administration involved.

What impact have Structural Funds had on the Welsh economy?

Partners across North Wales have traditionally benefitted from European funding programmes, which have all had a positive effect on growth. These programmes include Structural Funds, Rural Development, Horizon 2020, Interreg (Ireland-Wales especially) as well as some of the wider specific/sector programmes such as URBACT, Creative Europe and many more.

The funding has increased our research and innovation capacity, improved skills, invested in tourism and heritage sites, created world-class facilities for businesses, trained and helped people into work, provided learning opportunities and invested in regeneration projects.

North Wales has seen a greater improvement in employment and unemployment compared to Wales, and this puts the region in a strong position. Over 15,000 jobs have been created as well as over 2,800 enterprises created in the region as a result of European Funding.

Different stakeholders across the region will have their own views on their interactions with these programmes. However we would advocate continued access to funds/opportunities are essential to continue to develop our economy.

What lessons should be drawn from previous rounds of European Structural Funds in Wales?

At a high level, the programmes ensured a degree of certainty in capital and revenue investment that were mutually beneficial and reinforcing through the balance of investment between capital infrastructure and investments (ERDF) and revenue funding for skills and people development (ESF) to exploit those opportunities.

During previous funding rounds partners across the region have had to apply for separate capital and revenue funds in competition, each programme with its own arrangements, criteria and administrative requirements. This has inevitably led to investments coming forward in silos, lacking integration and strategic fit to have a meaningful impact. We would welcome future funding to have a structure with flexibility to address the regional requirements.

The management systems to oversee, audit and scrutinise the funding by WEFO have been bureaucratic, complex and admin intensive. For any future funding, we would welcome simplified administrative arrangements with clear eligibility rules.

Any future funding will need to operate across the North Wales Region, with the ability to be matched with other Welsh Government or Public Funding. Previously the North West Wales areas qualified for the higher level of European Funding. For the NWEAB as a partnership we would welcome equal funding rates across Wales for us to work effectively across the region.

What should be the priorities and objectives of the Shared Prosperity Fund and what, if any, improvements are needed to the current European funding system?

Future funding should aim to increase economic productivity, promote growth and create jobs. The North Wales Economic Ambition Board have identified key sectors where collaboration can achieve transformational growth within the region, therefore would welcome flexibility within the funding to address regional priorities and opportunities, to achieve strategic aims and objectives and utilise regional/local delivery structures in their delivery.

Post COVID-19 there will be a focus on bridging the economy from a state of recovering and re-building, through a period of stabilisation and then into growth. Any future investment will need to be reviewed in light of the current situation, with a need to ensure flexibility for future funding to support the bridging process and the economic recovery.

North Wales is particularly well-placed to capitalise on existing and future cross-border opportunities, both to the economies of England and the Northern Powerhouse, and across to Ireland. Further nurturing and strengthening these economic ties to the benefit of the North Wales region is of paramount importance.

The North Wales Economic Ambition Board has taken part in the Regional Investment for Wales Steering Group and sub groups, contributing to the discussions with Welsh Government on what has worked well and what can be improved for the future. We have also taken part in the OECD sessions to help ensure best practice and effective regional governance for the future.

What level of funding should Wales receive, and how should this be calculated moving forward?

Any future funding for Wales should not be less than its current funding levels from the European Union. Funding needs to be distributed fairly and with clarity throughout Wales. It should respond to identified priorities, opportunities and long term strategic aims for our communities. The funding should not be seen as an independent fund, but a part of the evolving eco system to develop a sustainable and inclusive growth economy for future generations to come.

Having certainty of funding levels to respond to long-term structural weaknesses, but while also recognising the goal to achieve self-sustaining growth economies will support Wales to move forward in parallel to recover and re-build but also address new opportunities and industries, explore new markets and attract inward investment independently.

Should funding be ring-fenced on a nation or regional basis or should the fund be open to competitive tendering?

The funding should be ring-fenced at a Wales level, with the flexibility to address regional priorities and opportunities and with a focus on seeing combined investment in shared objectives to deliver equitable and sustainable economic stability and growth in our communities.

A competitive tendering process will distract from the long term planning and possibly divide the nation and our communities. Clarity on what is available at a national and regional level means the focus goes into building cohesive partnerships, understanding the needs, driving innovation and empowering communities to think dynamically about their place in the future.

Whilst the management and co-ordination of delivery can be streamlined into a regional or national investment approach – the delivery itself should always be within localities, and will have to be sensitive and responsive to the needs and opportunities of those localities.

What timescale should be adopted for each funding round? How should responsibility for funding and administering the fund be divided between UK and devolved governments?

The responsibility for funding and administering the fund should be agreed with the principle of simplicity and agility that allows the application of those funds in the areas most at need within our North Wales economy and communities.

We would strongly support the principle of a single fund on a multi-annual basis. This long-term planning approach establishes the necessary strategic and operational planning certainty for regional stakeholders to plan and implement tailored responses to its identified priorities and opportunities.

Overall, the North Wales Economic Ambition Board wants to see a funding mechanism that will support the Region's long term planning for economic stability and growth.

What role could, or should, local government and, where applicable, city or growth deals play in relation to the fund?

There is a critical collaborative role for local government and city/growth deals to play in relation to future funding in Wales.

In the past European funded projects have been successfully delivered by local government. Whilst local government still have a role to play, the arrangements within the region have evolved over the last five years.

The North Wales Economic Ambition Board (NWEAB) has been established as a joint committee comprising the six local authorities and partners in HE/FE and the private sector to support the development and growth of the region's economy.

The NWEAB and the Welsh Government's Regional Team have developed a set of joint 'working together' principles, which paves the way to a Regional Economic Framework for North Wales.

The framework will illustrate how partners in the region collaborate to drive inclusive and sustainable economic growth for the region. This includes delivery of the North Wales Growth Deal. The Regional Economic Framework will provide a single coherent view of the needs and opportunities in North Wales that can directly influence and inform national policies and interventions. It will share the narrative and align closely with the North Wales Growth Vision to be a confident, cohesive and connected region, capitalising on, and developing further, the success of our high value economic sectors and our strong cross border relationships. Through strong collaboration and delivery of key programmes together our goal is to increase the value of the economy from £13.6bn in 2016 to £26bn by 2035.

Future funding will need flexibility to integrate with wider opportunities for investments regionally and nationally including Growth Deals. Realising the Growth Vision's entire ambitions will require a wider package of investment across a range of funding, and therefore it is critical that the efforts of government and partners at all levels align and that future funding can provide added value to Growth Deal funding and to do so in a way that does not inflict unnecessary complexity and bureaucracy.

Are there any implications for state aid rules?

Any State Aid rules would need to be understood further in any future model.

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