# WRITTEN STATEMENT

# BY

# THE WELSH GOVERNMENT

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| **TITLE** | **A Framework for Regional Investment in Wales** |
| **DATE** | **18 November 2020** |
| **BY** | **Jeremy Miles MS, Counsel General and Minister for European Transition** |

Regional investment programmes have had a significant impact on the lives of people of Wales for over 20 years, supporting people into employment and providing the conditions for new and better jobs.

Since the Referendum in 2016, we have been working with stakeholders across Wales on a new regional investment policy which puts us in a strong position to hit the ground running when the EU Structural and Investment funds begin to tail off towards the end of this year.

During this time, we have also sought to advance discussions with the UK Government on replacing this vital needs-based funding in Wales, pressing for not a penny less than we would have expected within the EU and calling for the Welsh Government to retain the devolved autonomy in development and delivery of successor arrangements.

More than three years since the UK Shared Prosperity Fund (SPF) was first announced by the UK Government, our frustration continues at their lack of progress, clarity, or any meaningful debate. Last week, I met with the Secretary of State for Wales to discuss the SPF, who committed to havingstronger engagement from the Comprehensive Spending Review onwards, but my requests to meet with the UK Ministers leading on the SPF have been met with silence.

In contrast, the Welsh Government has participated in a lively and productive conversation with key stakeholders and civic society on the development of successor arrangements and has engaged with hundreds of organisations from across a variety of different sectors in Wales. The outcome of our collaboration is our *Framework for Regional Investment in Wales* that we are [publishing today](https://gov.wales/regional-investment-wales-framework), which sets out our high-level strategy for achieving prosperity and an inclusive economy to which local, regional and national (i.e. Wales-wide) interventions will contribute.

I am extremely grateful to everyone who has worked with us for their commitment, enthusiasm and expertise in helping us to reach this significant milestone. The Regional Investment for Wales Steering Group, chaired by Huw Irranca-Davies MS, and technical working groups, represent a cross-section of local government, the private sector, universities and colleges, and the third sector. All have played a valuable role in advising us about what has worked well and what can be done better for the longer term. We have had detailed and thoughtful contributions from Senedd Committees, in particular the External Affairs and Additional Legislation Committee and the Finance Committee. Many of their views are shared in Parliament too as reported by the [Welsh Affairs Committee](https://committees.parliament.uk/publications/2800/documents/27507/default/) and the [All-Party Parliamentary Group for Post-Brexit Funding for Nations, Regions and Local Areas](https://www.postbrexitappg.org/). We also drew extensive feedback and views from our [public consultation](https://gov.wales/framework-for-regional-investment-in-wales) held earlier this year, as well as best practice in other countries through [our partnership with the Organisation for Economic Cooperation and Development](https://gov.wales/oecd-multi-level-governance-review-report). We are encouraged that nearly everyone in Wales, with the broader interest of the benefit to the Welsh economy and its communities as our focus, can agree on the same fundamental points: that levels of funding must be maintained, and that a Welsh approach is needed to deliver this replacement funding for a Welsh context.

At the heart of our Framework is our *Well-being of Future Generations (Wales) 2015 Act*, so that we can better support sustainable and inclusive growth in all parts of Wales, evaluated through an outcomes-based approach focused on four broad investment priority areas:

* More productive and competitive businesses, including the vital role of innovation and research
* Reducing the factors that lead to economic inequality for people, including skills and access to work
* Supporting the transition to a zero-carbon economy, taking advantage of the opportunities this creates as well as reducing negative effects of growth
* Healthier, fairer, more sustainable communities, strengthening what makes Welsh communities and their economies succeed and the role of local areas in identifying priorities in their places.

Wales has undergone a rapid change in its recent history and those changes are continuing. Our Framework is creative, ambitious and flexible so that we can address the key structural economic weaknesses that Wales continues to face and the huge challenges and new ways of working that are associated with leaving the EU. There is also significant opportunity to prioritise strategic objectives and sectors within our four investment priority areas against the more detailed work on economic reconstruction that is being taken forward to address the impact of the Covid pandemic in the months and years ahead.

Throughout the process of developing our Framework, it has been our ambition to provide a balance between national, regional and local planning and delivery, ensuring that decisions are taken at the appropriate level of governance and as close to the level of the citizen as possible. This ambition has been endorsed by the OECD through its short- and medium-term recommendations on public investment and regional governance, which the Welsh Government is actively considering with stakeholders. It is also the cornerstone of our Economic Action Plan that captures the importance of place and people, and our plans for economic recovery in the wake of the pandemic.

The Cabinet has therefore agreed to transfer as much decision-making and prioritisation to local areas and regions as possible. This will enable them to continue to develop their own distinctive strengths and opportunities and play a significantly greater role in allocating funding and managing portfolios of distinct regional projects. To do this we will work with the regions to build on their existing and emerging governance arrangements and provide them with the adequate legal framework and enough support so that they are empowered to deliver these wider large-scale investments. Our intended mechanism is the proposed Corporate Joint Committees (CJCs) under the [Local Government and Elections (Wales) Bill currently before the Senedd](https://business.senedd.wales/mgIssueHistoryHome.aspx?IId=26688) and the [regulations that are out to consultation](https://gov.wales/regulations-establish-corporate-joint-committees). The CJCs will enable regions to prioritise funding allocations and portfolios of integrated interventions, in a way that is aligned both with this Framework and with the Regional Economic Frameworks currently being co-designed with stakeholders in partnership with the Welsh Government’s Chief Regional Officer teams.

Some interventions through our Framework (e.g. the provision of access to finance for businesses, skills and employability etc.) will be best prioritised and managed at a Wales-wide level; for example to benefit from economies of scale, to co-ordinate and optimise innovation across a network of partnerships, or to take advantage of specific technical expertise, not necessarily replicated across all regions. National interventions will need to set out how they will maximise delivery against our Framework’s strategic objectives to align with wider Welsh Government priorities set out at the national level. They will also need to demonstrate that full engagement has taken place with the regions so that such investments are designed and focused on the people and places they are intended to help.

The difference that local communities can make when they come together, as evidenced during the Covid pandemic, is an important feature of our Framework. The principles underpinning development, led by the community in which the activity takes place, are a local area-based approach; partnership participatory approaches and co-production; integrated multi-sector strategies; innovation and networking; and co-operation. It is an important component of our Framework not just for the immediate added value of the investment, but also for the impact it has in building capacity in local areas by increasing social capital and networks, building local governance, and enhancing the delivery of outcomes.

The Framework is a vital tool to ensure that national, regional, and local interventions complement each other and all drive toward a shared vision. Other important principles for regional investment through this Framework include:

* Better integration with our policies and greater opportunities for joining up investments and activities in Wales, as well as the UK and internationally;
* Multi-annual financing, where possible, to provide longer-term investment planning certainty for organisations and a greater focus on outcomes;
* Integration of equality, sustainable development and the Welsh language;
* Collaborative working across borders, within and beyond Wales, to ensure Wales remains an active and respected partner in Europe and internationally;
* Enhanced capacity and capability in regions and local areas; and
* Simpler and more proportionate arrangements, maintaining our commitment to openness, fairness and transparency of investments.

In the context of this Framework, the Welsh Government will deliver its responsibilities for the economy in Wales through an overarching co-ordination function that will focus on successful performance and governance, on the sharing of best practice, and on the coherence of the Framework as a whole. The Welsh Government will perform this role in a transparent way and in partnership with a wide range of stakeholders across Wales.

Our Framework also includes a transition period, which the Welsh Government will manage, allowing sufficient resource and time for each region to evolve their existing and emerging regional arrangements, building on the capacity and partnerships they already have in order to successfully assume new investment responsibilities. During this transition, we will continue to make use of the successful partnerships, structures and fora already in place nationally and across each region to provide advice on the distribution of regional funding, ensuring appropriate governance arrangements are in place and that the process is simplified and streamlined.

Our Framework will help deliver prosperity and inclusiveness in the economy across all parts of Wales, in urban, rural, post-industrial, city and coastal areas. It is shaped by our economic landscape and with real social purpose whilst being outward looking, open to new ideas and opportunities, and ready to compete on a global platform.

Of course, our delivery of this Framework is dependent on positive engagement with the UK Government that has so far been withheld. Wales must receive funding in full which needs to respect our devolution settlement. We urgently seek progress on this matter so that there is no gap in investment in our businesses, people, and communities across Wales.