



Llywodraeth Cymru  
Welsh Government

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# WRITTEN STATEMENT

## BY THE

# WELSH GOVERNMENT

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**Title:** European Structural Funds 2014-2020: Regional Allocations announced by UK Government

**Date:** 27 June 2013

**By:** Jane Hutt, Minister for Finance

The UK Government has announced (27 June) the regional allocations for Wales.

Its announcement follows a period of intense lobbying from Welsh Ministers on the EU budget (Multiannual Financial Framework) and funding formulae agreed by the UK Government in February 2013. This would have meant a potential reduction of £400 million for Wales in cash-terms and significantly more in real-terms.

The overall funding commitment to Wales' two eligible regions was confirmed in March 2013 as €2,145m at 2011 prices, being a 5% reduction on 2007-2013 programmes, measured at 2011 prices. Scotland, Northern Ireland and England also receive a 5% reduction to their national allocation.

For Wales, the increased proposed Welsh allocation represented an uplift of €375m (£312m<sup>1</sup>) from the indicative allocations resulting from the EU budget agreed at the European Council in February – this is a fairer and more equitable settlement for investment in Welsh growth and jobs.

The Welsh Government has been working with the UK Government over the last few months on the regional distribution of funds in Wales within the flexibilities of draft EC legislation. In these negotiations I have been very clear that we wanted the maximum possible amount of funds directed to Wales' most vulnerable region – West Wales and the Valleys – to achieve genuine transformational change in Wales.

The UK Government's position today, whilst a big step forward presents significant challenges when added to other UK Government domestic funding pressures announced on 26 June.

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<sup>1</sup> Sterling figures based on a planning rate of £1: €1.20

The regional allocations now require the support of the European Commission, while the EU will also be adjusting them to 2014 prices using a 2% annual inflator from 2011 to 2014, which was agreed as part of the EU budget proposals. This will mean Wales' overall allocation will be around £2.01 billion compared to nearly £1.9 billion under the current programmes – at 2014 prices the allocations for West Wales and the Valleys will be £1.675 billion and for East Wales £340 million.

I am pleased to see political agreement now reached on the EU Budget (MFF) and the positive signs that this will be supported by the European Parliament next week. This will mean that the future programmes in Wales are on track to start in early 2014 following submission of the Operational Programmes to the Commission in October.

I will be making a Statement to Members on the Welsh Government's response to the public consultation on our investment proposals and other EU issues impacting on the Structural Funds in July.