



Post-EU Funding Arrangements

This response is submitted by Wales Council for Voluntary Action (WCVA) and informed by members of the Third Sector European Forum (3-SEF). The purpose of the Forum is to monitor and support the voluntary sector's role in the design, management and implementation of the European Structural Funds programmes in Wales.

1. Progress in establishing and delivering replacement funds for EU structural funds, including;

The UK Shared Prosperity Fund

Overall, we are supportive of the policy that underpins the UKSPF and its investment priorities. The issues and challenges for the voluntary sector lie more in the risk of disconnect between the ambitions laid out in the policy and the practical governance, engagement and delivery of the Fund – including the associated timescales.

The voluntary sector is currently a key partner in the design and delivery of activity to tackle poverty and structural inequality in Wales. Under the 2014-20 European Structural Funds programmes, the sector is supporting over 45,000 people and over 900 social businesses, with an EU investment of over £113million. The sector's proximity to Wales' most disadvantaged people and communities means it's supporting those that typical, mainstream provision can't reach. For example:

- WCVA's Active Inclusion Fund is designed to help those furthest from the labour market. The organisations it funds support people who have complex barriers to employment. Since October 2015 the Active Inclusion Fund has supported 175 organisations, 475 projects and 22,150 participants and has awarded £48 million of European funds, which has levered in an additional £12 million in match funding, provided by the grant recipient organisations.

UKSPF Investment Plans will be developed over the next few months, with the window for submission opening at the end of June and closing on the 1 August. UK Government expects to assess the plans over the summer and announce approvals from October, with the first payments made shortly after. Given

recent experiences with new UK Government funds (such as the Community Renewal and Community Ownership Funds), these timescales seem optimistic. The Community Renewal Fund especially has demonstrated that the uncertainties associated with new sizeable, UK-wide funds inevitably cause delays.

This is one of the sector's biggest concerns. European funded provision in Wales is rapidly tailing off. With the UKSPF not yet operational, the voluntary sector's facing a cliff edge, with the inevitable loss of capacity, expertise and infrastructure from the sector and support services for some of Wales' most in-need people and places.

For example, Change Grow Live's Achieving Change through Employment (ACE) project is in its final stage and will end in August 2022. The project has successfully supported many Black, Asian and Minority Ethnic people and migrant people into work in Wales. The organisation's presence in Wales has been predominantly supported by investment from the European Structural Funds. With the UKSPF not yet operational and no other appropriate funding programme or transitional funding stream available, people will no longer have access to this service in Wales.

This is at a time where demand for the sector's services has grown exponentially. The unequal impact the pandemic has had on different individuals, groups and communities is set to be compounded further by the cost of living crisis. At the very time when it's critically important to get people, places and businesses back on their feet to support our social and economic recovery, funding the sector has used for the past 20 plus years is ending.

Transitional funding arrangements for voluntary sector led people and skills provision have been proposed in England and WCVA has raised the need for similar arrangements in Wales, with both the UK and Welsh Governments.

The Community Renewal Fund

The Community Renewal Fund has demonstrated some of the challenges associated with new and short-term funding programmes. Introduced as the test for the UKSPF, we hope the learning taken from this pilot fund is recognised and acted on in the development of future UK-wide funding streams.

The voluntary sector has reported issues with the bidding process, payment terms and timescales for example. Feedback obtained from a variety of voluntary organisations currently delivering CRF projects in Wales has been fed back to UK Government and local government.

2. How the funding proposed for Wales and funding received via continued UK participation in EU programmes, compares to the funding received while the UK was a member of the EU

The European Structural Funds, specifically the European Social Fund, have been used to directly address the discrimination and disadvantage experienced by some individuals and groups, such as disabled people, women and Black, Asian and Minority Ethnic people. Many of these interventions are designed and led by the voluntary sector, such as Chwarae Teg's Agile Nation 2 programme and EYST's Invest project, financed by the Active Inclusion Fund. The Levelling Up agenda and UKSPF are focused on tackling place-based, as opposed to people-centred, disadvantage and inequality.

3. The mechanisms and structures being established to administer those funds in Wales, the roles of those involved, in particular the Welsh and UK Governments, and the consequent impact on accountability arrangements

The proposal is for delivery of the UKSPF to take place across the four Welsh regional footprints, with a lead local authority appointed in each region. This could present one of the biggest challenges for the voluntary sector. As demonstrated recently by CRF delivery and the Covid-19 response, some voluntary organisations and local authorities have a positive and productive working relationship, collaborating on plans to address local need, but others operate in isolation.

The role of the regional structures, such as the City and Growth Deals and Regional Skills Partnerships is not yet clear, but with the regionality of delivery we're assuming they will have a certain degree of involvement and influence. Engagement and involvement of the voluntary sector is generally not embedded in these regional structures. Relationships with organisations leading on social justice, tackling poverty and creating a more equal society are, overall, not well developed.

Without effective engagement, led by co-productive thinking and with the inclusion of the voluntary sector, this funding is much less likely to be successfully and inclusively deployed. Communities risk not getting heard or not getting what they require most and becoming further alienated from democratic decision-making processes.

Under the European Structural Funds in Wales, the voluntary sector has been supported to engage through the partnership principle and a technical assistance service that provides capability support for the sector. A recent independent evaluation of the service praised its overwhelming success and how something similar would be needed under any future replacement programme, such as the UKSPF.

There needs to be some commonality in how the voluntary sector is engaged and represented across the regions. The investment priorities outlined within the UKSPF pre-launch guidance cannot be achieved without the voluntary sector. We want parity for the sector – an equal voice at the decision-making table.

4. The amount of legacy funding that Wales is due to receive following the UK's exit from the EU and associated with EU structural fund programmes

The UK's withdrawal from the EU has not affected the level of investment originally secured from the European programmes. It's difficult to disaggregate the level of funding received prior to and post the UK's departure from the EU, as budgets and delivery profiles for operations are approved for several years.

Further evidence

We would welcome the opportunity to contribute to the oral evidence sessions planned for the spring term.