



UK Government
Llywodraeth y DU

Rt Hon Sir Robert Buckland KBE QC MP
Secretary of State for Wales
Ysgrifennydd Gwladol Cymru

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Peredur Owen Griffiths MS

Chair, Finance Committee
Welsh Parliament
Cardiff Bay
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14th July 2022

Dear Peredur,

Post-EU Funding Arrangements

I am writing following the evidence session on 30th June in which you heard evidence from the Parliamentary-Under Secretary of State for Wales and my predecessor, the Rt Hon Simon Hart MP. I have set out a response to each of the Committee's questions below and enclose the information that was the subject of discussion during the session.

Post-Horizon Funding in Wales

The UK is continuing to push for association to Horizon Europe at the earliest opportunity, but unfortunately there have been persistent delays from the EU. We recognise these delays have led to uncertainty for researchers, businesses and innovators. However, to provide reassurance to UK applicants, the UK Government is guaranteeing funding for eligible, successful applicants to Horizon Europe who are expected to sign grant agreements with the EU. We have always been clear that our priority is to support the UK's research and development sector and we will continue to do this in all future scenarios.

UKSPF Underspend

In England, Scotland and Wales, lead local authorities will receive upfront UKSPF payments early in the financial year (with the exception of year one of the Fund when the allocation will be paid on approval of the area's investment plan). This will be subject to lead local authorities demonstrating in their investment plans and subsequent performance reports that a full annual payment will be spent and accounted for in-year (this includes expenditure invoiced and paid, as well as accruals, in line with financial accounting standards).

In the event of underspend, the UK Government would consider withholding the next annual instalment. There is, however, some flexibility here – funding could be released when credible plans are received setting out how the lead local authority will utilise

underspends in the next year and how appropriate milestones and spend have been achieved for the previous year.

I hope these responses answer the Committee's questions.

*Yours ever,
Robert*

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Annex A

Combined UKG Funding to Wales

	2020/21	2021/22	2022/23	2023/24	2024/25
UKG Block Grant	£15.6 billion*	£16.9 billion*	£18.2 billion	£18 billion	£18.2 billion
UKSPF	£0	£0	£89 million	£153 million	£343 million
Farmers Payments	£0	£242 million	£252 million	£315 million	£337 million
UKG Local Growth Funds (UKCRF, LUF and COF)	£0	£167 million	TBA	TBA	TBA
City and Growth Deals	£18 million	£47.5 million	£53 million	£58 million	£65.5 million
TOTALS	£15.6 billion	£17.3 billion	£18.5 billion+	£18.5 billion+	£18.9 billion+

* Excludes Covid related funding which was £5.2bn in 2020/21 and £2.8bn in 2021/22.

Agricultural Funding Breakdown

Defra and the DAs will still be in receipt of some Pillar 2 funding from the European Commission throughout the SR21 period. The UK Government will therefore provide the additional funding required on top of this funding to ensure that annual funding for each nation meets the same level as the 2019 ceiling, thereby meeting the manifesto commitment.

Exchequer spend				
(£m)	SR20	SR21		
	2021/22	2022/23	2023/24	2024/25
Scotland	570	584	595	595
Wales	242	252	315	337
Northern Ireland	316	313	327	329

Additional exchequer spend to meet 2019 ceiling levels

UKSPF Local Allocations - Wales

