

Senedd Cymru
Pwyllgor yr Economi, Masnach a Materion Gwledig
Cyllid datblygu rhanbarthol wedi'r UE
RDF15
Ymateb gan: Chwarae Teg

Welsh Parliament
Economy, Trade, and Rural Affairs Committee
Post-EU regional development funding
Evidence from: Chwarae Teg

Post-EU regional development funding

April 2023

Introduction

Chwarae Teg is Wales' leading gender equality charity. We work to secure a fairer Wales where all women achieve and prosper, ensuring that women enjoy economic equality, are fairly represented in all walks of life and are no longer at risk of poverty, violence and exclusion.

Since 2008, Chwarae Teg has received EU funds to support a number of interventions to tackle gender inequality. The most recent of these projects is Agile Nation 2 which will close in May of this year. Agile Nation 2 consisted of two distinct programmes of work: the Women's Programme and the Business Programme. The Women's Programme focussed on working with employed women, working or living in Wales to develop skills and confidence to progress in the workplace, delivering accredited leadership and management qualifications and mentoring. The Business Programme saw activities focussed on gender disadvantage in the workforce and progress towards a more diverse workforce, where businesses were supported to develop equality and diversity strategies, modern working practices and workforce development. By the end of Agile Nation 2, Chwarae Teg will have supported over 650 businesses across Wales delivering over 600 Equality and Diversity Strategies and delivered over £5.5 million worth of pay rises to working women in Wales.

The end of EU Structural Funds has presented Chwarae Teg with multiple challenges, like many other third sector organisations. While we have long welcomed that the Shared Prosperity Fund (SPF) shows a clear commitment to transferring wealth across the United Kingdom, the Fund as currently designed and administered makes delivering programmes such as Agile Nation 2 impossible. The SPF does present an opportunity to work differently and develop new and innovative interventions for women. While we welcome this challenge, to date the establishment and bidding process for the Fund has been overly complex and disjointed. We remain concerned that the aims of the Fund will not be met and that we could see a widening of the gap between those who are able to benefit from economic growth and prosperity and those who do not.

Key messages

1. The UKSPF delivery geographies present multiple overlapping challenges to making a success of the fund. The expected regional framework for the design and delivery of interventions has not come to fruition across Wales with a number of local authorities seeking individual bids for projects within their area. Delivery of pan-Wales projects at scale would have been challenging with four regions, but has now become impossible due to the Fund being administered in many areas on a local authority by local authority level. This has added further complexity to the bidding process which has created capacity issues for third sector organisations such as ourselves. The delivery geographies have made the SPF as a whole more complex and disjointed.
2. We remain concerned about the implications of failing to embed equality and diversity into the aims of the SPF. Within the stated interventions for Wales, there is only limited acknowledgement of tackling inequality. Furthermore, the place-based approach within the Fund itself risks communities of people who share common barriers to full participation in labour market and society, regardless of their

geography, missing out on interventions simply because of where they live. This has been compounded further with the increased focus on hyper localised interventions as a consequence of the bidding process.

3. The continued lack of Wales-wide infrastructure to support the Fund presents a particular challenge in tackling poverty and inequality in a strategic way. Although issues such as inequality and poverty impact different areas differently, there is a need for some central coordination to ensure that interventions are effective and do not needlessly duplicate work being undertaken elsewhere.
4. Planning for the next round of funding via the SPF or any other funding regime to replace EU Structural Funds needs to happen now. The process of establishing the SPF has created specific challenges for third sector organisations and lessons should be learnt from this. Additional lead in times for funding regimes is needed to ensure that both the third sector and those administering the fund can make a success of any regime to replace EU Structural Funds.

Detailed Response

1. How effective were EU Structural Funds at transforming the Welsh economy?

- 1.1. For over a decade, Chwarae Teg has received EU structural funds to design and deliver interventions to support women in the labour market. The most recent of these programmes, Agile Nation 2, which will close in May 2023 has supported over 650 businesses and delivered over £5.5 million worth of pay increases to working women in Wales.

2. Whether the funding that Wales will receive to 2024-25 through the Shared Prosperity Fund and the tail-off of remaining EU Structural Funds matches the level of funding that Wales received through Structural Funds while the UK was a member of the EU and any potential Structural Funds that would have been available through the next programme.

- 2.1. While the UK was a member of the European Union, Wales was a net beneficiary of EU funding. This funding was based on a clearly identified need.
- 2.2. Analysis to date suggests that Wales will receive less funding via the SPF than under the previous funding regime, and while the promised investment is of course welcome, we would like to see prior commitments met, which outlined that Wales would not receive less money than under EU funding.
- 2.3. In respect of Chwarae Teg, we will receive less money through the Shared Prosperity Fund than we did via EU Structural Funds. While a number of bids to support interventions for women have been submitted, even if all of these are successful, the sum of money to support this work will be lower than was received through EU Structural Funds.

3. Which elements of the two new funds have worked well so far, and which have been less effective. What lessons could be learnt for the future to maximise the impact of the funds.

- 3.1. Regarding the SPF, there are multiple issues to be learnt to ensure that future rounds of funding are designed and administered in a more effective way. Some of the issues that will now be outlined were originally highlighted in our response to the Finance Committee's inquiry into Post-EU Funding Arrangements¹.

¹ Chwarae Teg (2022) *Chwarae Teg submission to the Finance Committee: Post-EU Funding Arrangements*
<https://business.senedd.wales/documents/s124910/PEU%2013%20Chwarae%20Teg.pdf>

- 3.2. Equality and diversity have not been engaged with sufficiently in the design of the Fund and interventions for Wales.
- 3.2.1. The lack of consideration of equality and diversity risks seeing the SPF not delivering equitably for all. It is vital that interventions are designed so that they tackle structural inequalities and work towards ensuring that everyone benefits from any increases in productivity, pay, and improved living standards.
- 3.2.2. Similarly, there is no reference to working with business around equality and diversity, leaving a gap in service provision.
- 3.3. There is an overreliance on hyper localised interventions in the SPF.
- 3.3.1. Place-based interventions which make up the majority of proposed interventions listed for Wales are unlikely to have the kind of transformational change that is desired. Tackling persistent and national issues such as the gender pay gap, inequalities in employment and poverty require pan-Wales interventions that are shaped by strategic priorities.
- 3.3.2. Additionally, the localised funding regime does not enable cost savings through economies of scale, which would be advantageous in the current climate and would benefit both the funder and the end user. Some local issues require local interventions but many issues that have previously been addressed through Structural Funds are widespread across Wales and so require interventions at a national level.
- 3.4. The third sector in Wales was not sufficiently engaged with in the design of the Fund.
- 3.4.1. Prior to the release of the SPF prospectus, there was little engagement with the third sector in Wales by the UK Government on how programmes should be prioritised and what need is present in the community. It appears that the little engagement that was had has not shaped the design of the SPF. This contrasts with the process under EU Structural Funds. The lack of meaningful engagement with third sector organisations from the beginning of the process increases the risk that funding via the SPF will not reach the communities and individuals who would benefit from it most.
- 3.5. As highlighted in our response to the Finance Committee in 2022², the delivery geographies make delivering pan-Wales projects at scale extremely difficult. These geographies have also now added further complexity to the bidding process and potentially mechanisms for reporting.
- 3.5.1. The lack of a Wales-wide structure and oversight means that it is highly unlikely that important interventions will be delivered across Wales. This risks some individuals and groups missing out because of where they live.
- 3.5.2. Additionally, the need to now hold relationships with multiple funding bodies compared to the previous EU funding regime presents a real challenge in terms of capacity within third sector organisations.
- 3.5.3. Regarding the bidding process, additional issues have become apparent since the launch of the SPF in April 2022 and the start of the bidding process in the spring of this year. Overall, the process has been more complex than originally envisioned with a lack of cohesion across regions and local authorities.
- 3.5.3.1. Of the four regions within Wales, only two have taken a regional approach to their bidding process meaning that there are approximately 18 different ways in which to bid for the SPF

² Chwarae Teg (2022) *Chwarae Teg submission to the Finance Committee: Post-EU Funding Arrangements*
<https://business.senedd.wales/documents/s124910/PEU%2013%20Chwarae%20Teg.pdf>

in Wales. This is far more complex and requires more capacity than was originally thought when the SPF was launched.

- 3.5.3.2. Furthermore, different local authorities and regions have chosen different ways in which to frame their applications. For example, authorities have put differing levels of emphasis on existing policies and priorities such as the Welsh Government's framework for regional investment and the Well-being of Future Generations (Wales) Act 2015. Additional to these priorities are those also set out within the SPF framework itself.
 - 3.5.3.3. The process for applying for the SPF has also differed between authorities. The dates that applications have opened and closed have varied between local authorities and within regions. Forms and templates have differed between authorities, with some requiring significantly more information than others. In practice, we have faced significant bureaucracy when proposing a similar intervention to tackle a common issue across different local authority areas.
 - 3.5.3.4. Taken together, these factors have created major capacity challenges to design and bid for funding to run interventions across Wales. A less complex and more coherent process would have been beneficial to both the third sector and authorities who are responsible for administering the SPF.
 - 3.5.3.5. While this landscape has presented major challenges to us as a third sector organisation, it should be noted that those managing the funds within most local authorities have sought to provide additional advice and guidance on the bidding process and answer any queries which have arisen.
- 3.5.4. Finally, in relation to the delivery geographies, we are concerned about how reporting mechanisms will operate in practice. To date, little detail has been provided by funders on their expectations for reporting. We are concerned, in light of the disjointed nature of the bidding process, that reporting will be different across delivery areas and geographies. Once more, this will present major capacity challenges to third sector organisations, especially smaller ones.
- 3.6. In our response to the Finance Committee in 2022³, we noted that timings around the establishment of the SPF had presented multiple challenges for third sector organisations. Similar issues have persisted as we have entered the bidding phase.
- 3.6.1. The gap between the end of EU Structural Funds and the start of the SPF has forced many organisations to make difficult decisions to guarantee their financial sustainability. The lack of bridging funds between the two funding regimes has already seen the loss of expertise in the design, delivery, management and monitoring of externally funded interventions. The time between different funding regimes must be better managed to ensure that there is value for money.
 - 3.6.2. Furthermore, due to delays in launching the SPF and the opening of the bidding process, the timescales for delivering interventions has become increasingly truncated. Interventions under the SPF need to have ended and be reported on by March 2025. Advice we have received has asked for projects to be end by December 2024. With the bidding process not yet complete, the earliest that projects could be staffed and up and running is late summer of this year, leaving roughly 12 to 15 months for active delivery.

³ Chwarae Teg (2022) *Chwarae Teg submission to the Finance Committee: Post-EU Funding Arrangements*
<https://business.senedd.wales/documents/s124910/PEU%2013%20Chwarae%20Teg.pdf>

- 3.7. Finally, the process of establishing and the bidding process for the SPF has highlighted the need for certainty over schemes to replace Structural Funds. Planning for any regime beyond the current UK SPF needs to happen now to ensure that a long term, sustainable and national fund is created to replace EU Structural Funds.
- 4. What types of intervention are being delivered through the Shared Prosperity Fund, and to what extent do these differ from Structural Funds interventions.**
- 4.1. With the bidding process ongoing and the outcomes of this process still unknown, Chwarae Teg are currently not delivering any interventions via the SPF.
- 4.2. As noted previously in this response, we remain concerned that interventions via the SPF are too localised, creating a post code lottery which will see funds not reaching individuals and groups who would benefit most from funded interventions.
- 5. Whether the funds are successfully identifying and supporting the communities and areas of Wales that are in greatest need, and how the geographical spread of funding compares to Structural Funds.**
- 5.1. With the bidding process ongoing for the SPF, it is too early to tell whether the funds are reaching those communities and areas in greatest need. As we have noted previously, with different delivery geographies compared to EU Structural Funds, it is increasingly likely that some individuals and groups will be unable to benefit from interventions simply because of where they live.
- 5.2. Additionally, although the SPF in Wales is in part being distributed based on the Welsh Index of Multiple Deprivation, the limited consideration of equality and diversity and consultation with the third sector in Wales in the design of the Fund increases the risk that interventions are not developed and aimed at those who would benefit most.
- 6. The extent to which the processes and timescales set by the UK Government for the funds support local authorities and regions to achieve their intended outcomes.**
- 6.1. As highlighted previously, timings around the SPF have presented the third sector with specific challenges.
- 6.2. The lack of bridging funds between EU Structural Funds and the SPF has already seen the loss of expertise within the third sector around the design and delivery of projects.
- 6.3. The timescales for bidding for the SPF have also put significant pressures on third sector organisations.
- 6.4. Furthermore, the proposed timescales for the delivery of interventions adds additional pressures to successful bidders. As noted previously, interventions under the SPF need to be closed down and reported on by March 2025 leaving roughly 12 to 15 months for active delivery.
- 6.5. Additionally, with such little time available for active delivery, some interventions will not have enough time to achieve their intended outcomes or will end too early for the full results of the intervention to be quantifiable.
- 7. How effectively the different levels of governance in Wales are working together in relation to these funds.**
- 7.1. As has been noted, governance around the SPF in Wales is currently disjointed and complex due to the multiple delivery geographies and different ways in which the bidding process is being run. This is in stark contrast to governance arrangements for EU Structural Funds.
- 7.2. The bidding process has revealed that different authorities and regions have interpreted guidance from the UK Government in different ways, making it challenging for third sector organisations to develop interventions and enter the bidding process. Furthermore, different authorities have put

differing amounts of emphasis on different policy frameworks, adding further complexity for organisations bidding for the SPF.

- 7.3. In respect of the UK Government, there appears to be a lack of guidance on the Fund, both for those administering it and those bidding into it.
- 7.4. In respect of the Welsh Government, it is not clear that expertise which has been built up within WEFO has been utilised as best it could have been to support those administering and bidding for the SPF.
- 7.5. Despite the challenges of the system, there has been a noticeable effort on the part of those responsible for administering the Fund within local authorities to provide additional support and guidance to bidders on the bidding process for securing funds.

8. The challenges and opportunities these funding streams provide for bodies such as businesses, colleges, universities and voluntary sector organisations who received Structural Funds.

- 8.1. As has been outlined previously in this response, as a third sector organisation, the SPF and its establishment has presented Chwarae Teg with numerous challenges. These challenges are continuing as the bidding phase progresses and we remain concerned that some of these issues will persist as interventions are rolled out over the coming months. More detail on these challenges is available in our response to question three.
- 8.2. Despite this difficult landscape we welcome the opportunity to develop new ways of working, and the challenge of delivering meaningful and beneficial interventions for women in Wales. The structure of the SPF also allows projects to be run over shorter timescales than previous EU funds which will hopefully allow for more innovation in respect of project design and delivery.

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Who are we?

Our vision is for a fairer Wales where all women can achieve and prosper. Our mission is to inspire, lead and deliver gender equality in Wales.

Chwarae Teg is committed to a Wales where all women are represented, empowered and able to prosper at all levels in the economy and public life regardless of their background or social status.

Chwarae Teg is registered charity. Charity number: 1084466 – FAIRPLAY (Workforce) Ltd.

