THE MANAGEMENT OF LOCAL GROWTH FUNDING IN WALES
Proposals for consideration by Welsh Labour MPs

The problem to be resolved

- In the Spending Review, the **UK government** allocated c.£630m over three years for local growth funding in Wales.

- The **Welsh Government** thinks it should manage this money, thus restoring the pre-Brexit arrangements for managing EU funding to Wales

- But **local authorities**, who currently have responsibility for managing the post-EU funds (the UK Shared Prosperity Fund), definitely don't want the restoration of centralised management by the Welsh Government.

Why the restoration of pre-Brexit arrangements isn't popular

Operational capability. Over the last four years Welsh local authorities have established the capability to manage local growth funding. The Welsh Government's previous architecture for managing funding – the Welsh European Funding Office (WEFO) – has been comprehensively dismantled.

Bureaucracy and competitive bidding*.* There are fears that channelling funding via the Welsh Government risks imposing additional criteria and administration, and maybe even competitive bidding, without delivering greater value for money.

Delays*.* The short time horizon of the UK money (three years compared to seven for funds from the EU) requires quicker decision making and the avoidance of an extra layer of administration.

Top-slicing. The reduction in local growth funding in the present financial year (2025-26) is already causing substantial damage to service delivery. The Spending Review imposes a further cut in real terms and any additional reduction resulting from top-slicing of funds by the Welsh Government would do even more harm.

Loss of focus on local need*.* Receiving funds directly from the UK Government has allowed local authorities to be engaged in key decisions, which was not always the case with EU funding.

Undermining local authority cooperation. The new architecture of four Corporate Joint Committees (CJCs) established by the Senedd is now firmly in place across Wales responsible for, among other matters, strategic development planning and economic well-being of their areas.

A proposed way forward

1. **Local growth funding in Wales should be managed through the Corporate Joint Committees (CJCs).**

   Since 2021, the local authorities in each CJC have developed partnerships and delivery mechanisms that are now firmly established and fit for purpose. Lead authorities are designated in each CJC: in South East Wales, for example, the UKSPF team is headed by Rhondda Cynon Taf.

2. **The Welsh Government should be invited to sit as a partner on the CJC committees managing the funds.**

   Involving the Welsh Government makes sense because it is an important player in local economies. The CJCs can co-opt other bodies onto their committees as appropriate. This will also honour a Labour manifesto commitment to "restore decision-making…to the representatives of Scotland, Wales and Northern Ireland".

3. **Allocation of local growth funds should be to CJCs and determined by the UK Government.**

   This would put the CJCs on a par with mayoral city regions in England, which will likewise receive a financial allocation direct from the UK government. It would also underline that the funds are from the UK Government, not the Welsh Government. The alternative of allocation right down to individual authorities would create difficulties in developing sub-regional activities.

4. **CJCs are already required to have due regard for the strategic objectives of the Welsh Government and should also be required to consult with local MPs.**

   It's reasonable to require the integration of local plans and priorities with those of the Welsh Government. It's reasonable too to expect local MPs to be consulted, though It would probably be impractical for all the MPs from a CJC area (6-10 in number) to sit as part of the CJC structure.

National Secretariat, Industrial Communities Alliance, in consultation with member authorities in Wales
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