



Eich cyf/Your ref  
Ein cyf/Our ref

Rt Hon Robert Jenrick MP  
Secretary of State for Housing, Communities and Local Government

[Robert.Jenrick@communities.gov.uk](mailto:Robert.Jenrick@communities.gov.uk)

30 July 2021

Dear Robert

I am writing further to my letter of 27 May on the future of the UK Shared Prosperity Fund (SPF).

I am disappointed not to have received a reply to date, particularly given the Prime Minister's commitments following the Heads of Government summit in June regarding more effective intergovernmental collaboration across the UK. Concerns about levels of engagement with and from UKG Ministers have also been raised with me by Welsh stakeholders. Local government and economic and social partners are understandably anxious to know about arrangements in succession to EU funding, and are apparently receiving mixed and inconsistent messages from UKG – or indeed no messages or interaction at all.

You will recall that, as a minimum, commitments were made to engage with the Devolved Governments in the design of the replacement of EU Structural Funds and for a public consultation prior to implementation. No substantive proposals were shared with ourselves for discussion or agreement prior to the launch by UKG of the Shared Prosperity Fund (SPF), the Community Renewal Fund (CRF) or the Levelling Up Fund (LUF). The need for meaningful engagement has been underscored by the Welsh Affairs Committee, the BEIS Select Committee and in a recent report by the Institute for Government, each highlighting the inadequacy of the current situation. The Senedd's recent vote on this subject also made clear our legislature's significant concerns.

It is important to note that the current round of the CRF is causing real concerns on a practical level.

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Rydym yn croesawu derbyn gohebiaeth yn Gymraeg. Byddwn yn ateb gohebiaeth a dderbynnir yn Gymraeg yn Gymraeg ac ni fydd gohebu yn Gymraeg yn arwain at oedi.

We welcome receiving correspondence in Welsh. Any correspondence received in Welsh will be answered in Welsh and corresponding in Welsh will not lead to a delay in responding.

You will note our consistent view that the current year represents a significant reduction in spending within Wales despite repeated promises that there would be no reduction. The lack of a decision at this point in the year is a real concern for local government to be able to utilise funding awards in this financial year.

As our First Minister set out in his recent correspondence with the Prime Minister, Welsh Government collaboration with the UK Government can only be on the basis of respect for the devolution settlement and the principles set out in the Inter-Governmental Relations Review. I hope you will understand that, as things stand, UK Government's approach to post-EU Exit funding does not represent an acceptable approach to partnership working, let alone effective intergovernmental relations.

My officials have sought my views on a recent offer from your officials to share with Welsh Government summaries of the applications for your Community Renewal Fund and Levelling Up Fund, coupled with a request to engage at technical level (subject to Ministerial agreement) on quality assessment and assurance of those project proposals. While the engagement and the spirit of the technical dialogue is a part step forward, this heavily-caveated and limited approach comes very late in the day and falls a long way short of true collaboration. Above all, I understand your officials have made it clear that Welsh Government will have no say in the approval of projects, with decision-making resting solely with UKG Ministers.

Given that the funds have been exclusively designed by MHCLG without involvement from Welsh Government and that the timetable for action is now incredibly tight, it is unclear what meaningful influence – if any - Welsh Government can have over the funding outcomes associated with either fund. We have warned that your approach risks duplication and poor value for money, neither of which can be adequately addressed by the exercise presented, particularly given the timing and where there is no direct link to the final decision to award. Put simply, this proposed technical engagement feels like an offer of shared accountability without any shared control. Clearly this does not meet Welsh Government policy principles set out above, the expectations of our recently elected Senedd, or the offer we thought the Prime Minister had made to us regarding improved intergovernmental working.

All this is a matter of regret, because we stood ready to engage had you chosen to handle matters differently. In light of the above, however, I have concluded that it is not appropriate for WG officials to be involved in the inadequate and unsatisfactory exercise requested. To help protect the public purse and as a courtesy, my team will conduct a rapid 'red flag' check on applicants once the project summaries are shared to verify that no individuals or organisations are listed that would automatically trigger Welsh Government due diligence measures. But they will have no further involvement than that.

I should emphasise, for avoidance of doubt, that this is a swift, good-governance check only, and a small component of the full due diligence exercise your teams will need to undertake for a competitive bidding process of this type and scale. Moreover, such a check implies no Welsh Government view about the merits of the applications or how they should be assessed or prioritised – those matters must fall to fall to you, as the funds' sole designers and decision-makers.

We nevertheless remain open to and ready for meaningful discussions on how best to collaborate moving forwards, including on the Shared Prosperity Fund, in line with the principles set out in the First Minister's letter to the Prime Minister. Welsh Government has never argued that all decision-making should be centralised within the Welsh Government. Indeed, our Framework for Regional Investment, building on years of partner engagement, recognises some interventions work best locally, while others are more cost

effective and accessible if held at the regional or all-Wales level (including to prevent duplication and provide continuity of service).

We have commissioned further advice from the OECD to help design the best multi-level governance structures for economic development within Wales. There is a standing invitation to you and your officials to engage in this important work, and to collaborate with us on shaping future funding arrangements, based on a clear commitment to UKG and WG co-decision making. This is in the interests of securing the best outcomes for all concerned, and above all for the communities in Wales that we serve.

I am copying this letter to the Chancellor of the Duchy of Lancaster, the Secretary of State for Wales, the Minister for Regional Growth and Local Government, the Minister for Employment, and the Head of UK Governance Group.

A handwritten signature in black ink that reads "Vaughan Gething". The signature is written in a cursive, flowing style.

**Vaughan Gething AS/MS**  
Gweinidog yr Economi  
Minister for Economy