Why the Shared Prosperity Fund is far from being a bad deal for Wales

Earlier this month the UK Government published its prospectus for the Shared Prosperity Fund, the domestic replacement for the EU structural funds, of which West Wales and the Valleys had been a recipient of the highest level of funding since 2000.

Whereas Northern Ireland, the Highlands & Islands of Scotland, Merseyside and South Yorkshire qualified for objective one funding in 2000, by 2019 and Brexit, only West Wales and the Valleys, and Cornwall continued to qualify, with GDP per capita stubbornly below 75% of the EU average.

The movement towards this new, vaunted regional policy and ambition has been controversial , with accusations of Wales being “short changed” compared to its funding profile under the EU structural funds, and that the devolution settlement has been disrespected, with UK Government parking their tanks on one of the 20 devolved policy fields in Wales.

And yet, as we move towards the implementation of the new Shared Prosperity Fund I detect a new energy, determination and dare I say, pragmatism emerging which augurs well for this policy. Why my optimism?

I detect the basis of a less bureaucratic approach. Mary McCarthy famously opined that “Bureaucracy, the rule of no one, has become the modern form of despotism.” This new approach puts an emphasis on localism and regional collaboration. The new Growth Deals in Wales will be the new delivery geographies and already we have pan Wales coverage: the North Wales Ambition Board, a freshly signed deal for Mid Wales, the Swansea Bay City Region and the Cardiff Capital

Region which has just purchased the former [Aberthaw Power Station site.]()

Can the new system bring less bureaucracy and greater empowerment? We expect a new emphasis on good quality projects rather than the requirements of the single programming documents agreed for previous structural funding rounds between stakeholders in Wales, including the Welsh Government, and the EU.

Despite the public fallouts, pragmatism can be seen through the joint support of both UK and Welsh Governments in funding the growth deals, as well as the participation of all local authorities. There has been a quiet emergence of partnerships in multi-level governance that are active and ready for action. There are key questions and challenges moving forward.

Could this new approach lead to a greater sense of shared “competence” in economic development in Wales? Surely levelling up is far more than just narrowing the north-south divide in England? HM Treasury acknowledged that regional disparities in the UK were greater than any other EU member state at the turn of the millennium. Over the past 22 years the disparity between London and all other regions of the UK have increased.

Can the new regional ‘delivery geographies’ envision and articulate a new regional economic future that takes their members from being more than a collection of local project promoters in the community of communities?

Finally if it doesn’t work in Wales will levelling up work anywhere? Whilst the level of funding available has been politically divisive, all regional policy experts would agree that a £2.6bn fund across the UK up to 2025, whilst welcome, pales into insignificance compared to the massive fiscal transfers made available to close the massive cohesion gaps between the former West and East Germany.

However, whatever the size of the UK pot, is it not significant that Wales has received £600m, a whopping 23% of the funding with less than 5% of the UK population.

The intensity of funding must provide outcomes reflected in renewed prosperity, increased productivity, better jobs, higher income and relative regional GDP. This funding intensity puts Wales front and centre, and in fact to reverse the old Encyclopedia Britannica adage: "For England, see Wales."

Read More

Related Articles

- [Why one of Wales' leading tech firms needs to come out of Chinese ownership]

Read More

Related Articles

- [Economy Minister Vaughan Gething on his priorities for the Welsh economy]