

Cynulliad Cenedlaethol Cymru | National Assembly for Wales

Y Pwyllgor Materion Allanol a Deddfwriaeth Ychwanegol | External Affairs
and Additional Legislation Committee

Y goblygiadau i Gymru wrth i Brydain adael yr Undeb Ewropeaidd |
Implications for Wales of Britain exiting the European Union

IOB 27

Ymateb gan Cyngor Gweithredu Gwirfoddol Cymru

Evidence from Wales Council for Voluntary Action (WCVA)

1. Introduction to WCVA

- 1.1 WCVA is the national membership organisation for the third sector in Wales. Our vision is for a future where the third sector and volunteering thrive across Wales, improving wellbeing for all. Our mission is to be a catalyst for positive change by connecting, enabling and influencing.
- 1.2 WCVA works with a range of national specialist agencies, county voluntary councils and other development agencies, to provide a support structure for the third sector in Wales. We have over 3,000 members, and is in touch with many more organisations through a wide range of national and local networks.
- 1.3 WCVA has been awarded Intermediate Body (IB) status by the Welsh European Funding Office (WEFO) 2014-2020, meeting the necessary standards of financial control and monitoring to enable WCVA to distribute European Structural and Investment funds (ESIF) to the third sector in Wales by delivering competitive grant schemes, training, information, support and guidance. WCVA also represents the third sector interest at a number of levels including the All Wales Programme Monitoring Committee (PMC).

2. WCVA's position statement on Brexit

2.1 WCVA's key messages on Brexit include:

- An acceptance that the UK is leaving the European Union;
- An acknowledgement that we are leaving the European Union and not Europe;
- Continued support to the sector in line with our mission to connect stakeholders and influence the process of transition.

2.2 Key areas of interest for the sector are:

- **Community cohesion**
The referendum showed different voting patterns by region, age and socio-economic background, highlighting a disconnect between the Welsh establishment and the communities they serve. Anecdotal evidence from our members and networks, substantiated by Government research into [Hate Crime, England and Wales 2015/16](#) and [highlighted in the media](#), demonstrates a clear difference in inter-generational attitudes to Brexit and an increase in racially motivated hate crimes. The sector has a vital role to play in strengthening community cohesion.
- **Funding**
Since 2007 the sector has accessed in excess of £330 million of EU Structural and Investment fund through a range of grants and procured contracts, as well as programmes such as Erasmus+, Development, Education and Awareness Raising (DEAR), Creative Europe and Daphne. The loss of these funds would have a significant impact on the sector's ability to deliver projects that contribute to the social and economic regeneration of the most deprived areas of Wales. See [Appendix 1 - Third Sector EU Structural Funds Investment](#).
- **Influence**
The 'Partnership Principle' which underpins the design, management and implementation of the Structural Funds in Wales has enabled third sector

representatives to be involved in setting priorities and decision making. WCVA would seek for any successor funding arrangements to retain the approach of the 'Partnership Principle'.

- Knowledge transfer
Currently being a member of the European Union facilitates access to pan European networks and opportunities to deliver projects in partnership with other Member States. A key risk to Brexit could be the withdrawal of these opportunities which would impact on our ability to be an outward looking Nation and receptive to new ideas.

3. Third sector opinion

3.1 WCVA conducted a poll amongst third sector organisations to gather views on the two questions posed in this consultation exercise. Organisations were asked to rate nine predefined areas in order of importance to Wales' negotiating position, and to report any other areas of concern.

3.2 WCVA received 77 responses to the survey and the results clearly indicate that 'impact on the Economy and jobs' is seen as the highest priority for Wales, closely followed by 'equality, justice and human rights' and 'access to funding'. Respondents ranked key issues in the following order of importance:

1. Economy and jobs (27%)
2. Equality, justice and human rights (23%)
3. Access to funding (22%)
4. Environment (6%)
5. Children and young people (3%)
6. Third sector workforce (3%)
7. Culture (3%)
8. Migration (3%)
9. Welsh language (1%)

3.3 Other concerns were highlighted (9%):

- Education
- Women's issues
- Up-grading infrastructure
- Agriculture
- Rural poverty
- Membership of the Single Market
- Democracy
- The right to challenge decisions
- Training and employment
- Free movement
- Health and social care

3.4 This response seeks to reflect the range of sector views expressed on the two consultation questions.

4 What should be the top priority for Wales in advance of the UK Government triggering of Article 50 (which starts the formal process of exiting the EU)?

4.1 Economy and jobs

- 4.1.1 Economic resilience, job creation and security were viewed by survey respondents as critical to ensuring positive developments in the other eight areas and therefore the most important priority in negotiations.
- 4.1.2 EU and domestic funding cuts to employment and skills provision, including adult learning, will have a resultant impact on the economy and jobs. Investment must be maintained in order to achieve the Government's priorities for employment levels and enabling people to progress within work.

4.2 Equality, justice and human rights

- 4.2.1 The referendum result has highlighted a changed in the dynamic amongst geographical communities and communities of interest; the UK and Welsh Governments must continue to protect the rights of minority groups, especially those who currently feel vulnerable as a result of the recent surge in racist abuse, hate crimes and social fragmentation.
- 4.2.2 Equality and justice are essential to ensure that people's human rights are protected and enforced and that economic opportunities are genuinely accessible to all.
- 4.2.3 Equality of opportunity has been a crucial principle advocated by the EU institutions in all aspects of policy, including the implementation of regional policy through the EU Structural & Investment Funds. The EU has served as a safety net, setting minimum standards for equalities and human rights legislation and deep reservations were expressed regarding the prospect of these commitments being weakened over time.

4.3 Access to funding

- 4.3.1 EU regional policy has served as a way to redistribute funding throughout the UK more fairly, prioritising investment in 'less developed' areas, including within this classification are 15 of the 22 Welsh unitary authority areas. It is vital that this principle continues.
- 4.3.2 We welcome the reassurance from the UK Treasury to provide a guarantee of funding for all Structural and Investment projects approved before the UK leaves the EU, for the lifetime of the current funding programme.
- 4.3.3 However over the longer term, new funding programmes should be created by UK and Welsh Governments that invest in third sector and other agencies to work with our most deprived communities to co-produce activities that build resilience and prosperity.
- 4.3.4 WCVA believes that any successor arrangements to EU Structural Funds and regional development aid within the UK must:
 - Maintain investment in 'lesser developed' areas;
 - Devolve powers to the four UK Nations for setting priorities for funding and decision making;
 - Use clear, consistent and evidence based criteria for investment, which targets areas of deprivation and does not unfairly disadvantage rural areas;

- Involve the third, public and private sectors through a 'Partnership Principle' approach to the design, management and implementation of programmes.
- 4.3.5 Key concerns were raised around the high level of local employability interventions that are funded by the European Social Fund (ESF) and delivered by third sector organisations including SOVA's 'Achieving Change through Employment' operation and the Active Inclusion Fund (AIF), managed by WCVA. These initiatives comprise part of an inter-dependent infrastructure for employability service delivery involving the third and public sectors.
- 4.3.6 Questions remain about how future employability interventions might be financed, noting that whilst public sector interventions may continue to run at a reduced capacity once ESF investment has ceased, third sector projects, working with the very hardest to reach, will simply not be viable. Pressures are also likely to increase with the proposed changes to Communities First, resulting in a double blow to people in communities who demonstrated their disenchantment with politics through the referendum 'no' vote.
- 4.3.7 The impact of Brexit on other EU funding streams was also noted, including:
- The Rural Development Plan (RDP) and funding for rural communities;
 - The loss of opportunities for our young people to travel, learn and work abroad through Erasmus+;
 - Investment in the environment and climate change through the LIFE programme;
 - Funding for sport, arts and culture through eg Creative Europe;
 - Research into the management and cure of health conditions through eg Horizon 2020;
 - Universities - EU student fees, research funding through projects in partnership with EU colleagues is already being lost, and specialist courses may close if the critical mass of students sustained by overseas and EU students is lost.

4.4 Environment

- 4.4.1 EU regulations and funding have facilitated a cross-border response to caring for and managing the environment and our natural assets and there are serious concerns about how this approach might be co-ordinated post-Brexit. International agreements and commitments will assume even greater importance.
- 4.4.2 Most of our protected sites are EU sites and most of the funding for the management of our designated landscape and seascape comes from Europe, there is a real concern that funding for designated sites will be limited. There is an opportunity to change agricultural subsidy if this is allowed to be determined by Wales and not England (payments are not through Barnett formula). Future investments should work towards water, energy, environmental, food and carbon security. This is particularly relevant in upland Wales where further farm diversification into these areas will be needed to ensure sustainable business models.

4.5 Children and young people

- 4.5.1 Ensuring that young people have appropriate educational and employment opportunities to travel and learn through projects supported by Erasmus+, and ultimately to secure good quality jobs in Wales are considered to be vital to the prosperity of our Nation.

4.5.2 Two notable comments within the survey were:

“The future belongs to our young people, it is therefore imperative that we design our negotiations around them“.

“We need urgently to combat poverty amongst families and build a future of opportunity for children and young people.”

4.5 Third sector workforce

4.6.1 Respondents noted the reliance of the social care workforce on employing people from across Europe, and the suggestion that freedom of movement should continue in order to provide this flexibility.

4.7 Migration

4.7.1 Respondents expressed a view that migration should not be further limited; we need the skills, and capacity, that migrants bring to ensure continued growth: *“Wales still needs skilled EU citizens to help keep businesses in business and competitive”.*

4.8 Welsh language

4.8.1 The Welsh and UK Governments should guarantee, through appropriate legislation and adequate funding, the nurture and encouragement of minority languages, particularly but not exclusively, the Welsh language. As Welsh will lose its co-official status at EU level when we leave the EU, it is recommended that an equivalent status should be introduced at UK level for Welsh (and also for Scottish and Irish Gaelic).

4.9 Other

4.9.1 Questions were raised around EU procurement law and the perceived rigidity of processes might conflict with the ethos of the Social Services and Well-being (Wales) Act, in respect of the rights of individuals to make choices about their own care.

5 Can you provide examples of where the UK’s proposed approach to transferring the *acquis communautaire* (the body of European law), through the proposed Great Repeal Bill, into domestic law might have particular implications for Wales?

5.1 In general, this question was perceived to be very technical and was not readily understood by third sector survey respondents. However two questions were raised:

- Will devolved issues revert to Westminster?
- How will UK law respond to subsequent changes in EU law?

5.2 The importance of close monitoring of developments and effective scrutiny were emphasised, and one respondent queried the opportunity cost of the Parliamentary time that will be taken up scrutinising 40 years of EU law.

6 Recommendations

- 6.1 Prior to starting formal negotiations under Article 50, the elected governments of the four UK Nations should seek agreement on the fundamental aims of the negotiation.
- 6.2 The National Assembly for Wales, Welsh and UK Governments should create regular opportunities for dialogue with Welsh stakeholders throughout the negotiation process, and WCVA offers support to facilitate engagement with the third sector on this matter.
- 6.3 As part of future negotiations with UK Government around funding for regional development, the Welsh Government should maintain its long standing commitment to the 'Partnership Principle' that builds upon our distinct experience of involving the public, private and third sectors in the design, management and delivery of EU Structural Funds.
- 6.4 The Welsh Government must undertake equality impact assessments on any major funding decisions leading up to and after leaving the EU.
- 6.5 To ensure a continued global outlook for our Nation, and mutually beneficial collaborations with European partners, a mechanism for continued participation in EU funded programmes including Erasmus+, LIFE, Creative Europe, DEA, Daphne, Horizon 2020 etc should be negotiated.

JS
WCVA
28.11.16

Appendix 1

Third Sector EU Structural Funds Investment

2007-2013 Structural Funds programmes

EU funds of £100m supported 45 schemes led by the third sector, helping 8,545 people into work and 21,825 people to gain qualifications, creating 405 enterprises and 720 (gross) jobs. Through procured contracts, over £187m (10% of total value of procurement contracts) were awarded to the Third sector to deliver the activities of projects.

2014-2020 Structural Funds programmes

The Third sector is leading the following projects:

- **Chwarae Teg** - £10.4m (£8m ESF) Agile Nation 2, which promotes gender equality and career advancement in the labour market.
- **Wales Co-operative Centre** - £11.1m (£6.3m ERDF) Social Business Wales initiative provides specialist business advice and support to 500 social businesses.
- **Engineering Education Scheme Wales Ltd** - £2.1m (£1.7m ESF) STEM Cymru 2, supporting young people aged 11-19 to participate in industry linked engineering and technological activities.
- **SOVA** - £1.2m (£951,000 ESF) Achieving change through Employment project will enable black and minority ethnic (BAME) and migrant individuals to gain sustainable employment.
- **WCVA** - £31m (£20.5m ESF) Active Inclusion Fund, helps to improve the skills and career prospects of economically inactive and long-term unemployed people.
- **WCVA** - £11m (£6.5m ERDF) Social Business Growth Fund will provide repayable grants to social businesses to enable them to grow and create job opportunities.
- The sector is also accessing funds through a number of regional frameworks and contracts, the value of these contracts is still being assessed.