



Ein cyf/Our ref: WQ89273

Sam Rowlands MS
Welsh Parliament
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31 October 2023

Dear Sam,

I write in response to WQ89273: What assessment has the Minister made of levels of capital investment in North Wales compared to South Wales.

It is not possible to provide a precise answer to this question, as there is no single definition for what classifies as capital investment. Whilst we hold information on investments made by the Welsh Government, this does not cover the breadth of investments made by the private sector, or any investment by the UK Government. In addition, some investments will have benefitted both regions, therefore it is not possible to determine their precise impacts on either region singularly.

In relation to North Wales, we are ambitious about capital investment plans in the region but certainty and partnership are essential to successful delivery. This has been challenging, however, with the delayed and incoherent nature of UK Government decisions in some key areas.

The UK Government has not honoured its commitment to fully replace EU funds. As a result, in Wales there is over £1.1bn less available compared to EU Structural and Rural funds (January 2021 – March 2025). Despite being first announced in 2017, the Shared Prosperity Fund was only launched in April 2022, and funding was not released to local authorities until January 2023 following UK Government delays in approving investment plans.

The Levelling-Up Fund is another area where the UK Government is using UK Internal Market Act powers to take spending decisions directly in devolved areas while bypassing the Welsh Government and Senedd. The Fund has been affected by UK Government delays, where successful round 2 bids were due to be announced in Autumn 2022, but were only confirmed on 18 January this year - almost six months since applications were made. These delays have loaded extra pressure onto local authorities as well as driving up costs during a period of soaring inflation. This will have consequences on delivery, value for money and economic impact.

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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.

Another area where UK Government decisions have created challenges is transport. HS2 has always been an England Only project, and yet Wales has had its fair share of Barnett consequential consistently withheld. This funding would have allowed us to transform the rail network in Wales. Additionally, through the joint UK and Welsh Government's Wales Rail Board, we've been working for the best part of a year on an agreed pipeline of priority rail projects, including for North Wales, many of which could deliver bigger and quicker benefits than electrification. However, the unilateral announcement on electrification ignores all of that joint working.

The Welsh Government has long campaigned for the electrification of the North Wales Mainline - so we welcome the fact the UK Government has finally made a commitment to funding it. However urgent clarity is needed as to whether this extends to delivery as well as development work as well as how much of the line in Wales will actually see upgrades. Our position remains that if there is a billion pounds to be spent in Wales, the people of Wales should decide how it should be best spent.

Despite this, the Welsh Government is using the policy levers it has, as effectively as possible. For example, the Development Bank invested more than £124 million in 2022-23. North Wales saw growth, with £30.7 million in support to 107 investments in the region. A total of £52 million of support was provided to 262 investments in South-East Wales and Mid and West Wales reported £40 million from 171 investments made overall.

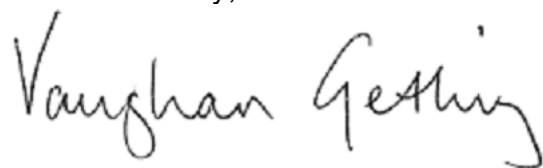
There are also a number of examples of Welsh Government interventions which are delivering capital spend (some in both regions):

- 21st Century Schools.
- Transforming Towns.
- Queens Market (Rhyl).
- Broadband.
- Morlais.
- M-SParc Phase II
- The new Freeport.
- £120m WG capital funding into the North Wales Growth Deal.
- Refurbishment of Holyhead Breakwater.

In terms of strategy, our Economic Mission sets out our national ambitions for a greener, prosperous and equal economy. We know that cross-government action across a range of policy areas is critical to ensure that we can strengthen our economy in a way which builds upon the principles of wellbeing and makes Wales a great place to live and work.

This supports our vision for regional investment to support jobs and growth in communities right across Wales, in a way which is both inclusive and sustainable and with an emphasis on integrating investments and regional decision making. We will be working closely with Corporate Joint Committees and supporting Regional Economic Frameworks to ensure national, regional and local co-ordination. I will be making a further statement to the Senedd next month which will outline our priorities within the mission going forward.

Yours sincerely,



Vaughan Gething AS/MS
Gweinidog yr Economi
Minister for Economy