

26 JUNE 2002

ORAL REPORT BY THE CHAIR OF THE OBJECTIVE 1 PMC

1. I am pleased to report that the Objective 1 Programme is continuing to make good progress. We have now committed some £330 million – almost 30 per cent of the total available grant funding - to over 500 projects. With match funding, this will represent an investment of some £750 million in West Wales and the Valleys. There is of course a continuing need for close monitoring in certain areas, but WEFO and the partnerships are working closely together to actively manage the Programme.

2. The Programme Monitoring Committee met in Anglesey last Friday, when the main points to emerge were:

- The Committee noted the progress which has been made in terms of commitments and spending. We are working to a challenging target of securing commitments of some £520 million by the end of the year, which is achievable provided a number of large projects are fully developed and successfully appraised.
- Good progress is being made for strategic infrastructure, with a great deal of developmental activity taking place which will shortly start to produce detailed project proposals. On strategic sites and premises, the local partnerships have worked closely together at a sub-regional level to identify their priorities. For transport, projects costing some £34 million are currently being taken forward.
- The PMC also received preliminary information on outputs in each Priority, in the form of information on outputs forecast to be delivered by approved projects. These data show good progress in some areas of the Programme, although in others the targets are proving to be a challenge. Further information will become available as WEFO's database is developed.
- The Committee also considered the 'N+2' requirement, and noted that there would be sufficient eligible expenditure to avoid decommitment for ERDF and ESF at the end of 2002. The position is less clear-cut for EAGGF and FIG, where although decommitment should be avoided the risks are higher because delays to one or two major projects could have a disproportionate effect. The PMC is also keeping a close eye on the 'N+2' target for the end of 2003.
- I reported to the Committee on both the Welsh Affairs Committee report on 'Objective 1 European Funding for Wales' and the National Audit Office report on 'European Union Structural Funds: Maximising the Benefits for Wales'. While both of these reports were positive, they do flag up areas where there is room for improvement. The PMC will continue to work with WEFO on the issues raised in the reports, to ensure that the

Programme operates as smoothly as possible.

- The PMC welcomed the establishment of the new all-Wales Policy Group, which also covers Objectives 2 and 3 and will help to improve the linkages between the three mainstream Programmes. There was a very encouraging response to the request for expressions of interest to serve on the Group, with 43 applications. The Group met for the first time earlier this month, when it decided to operate on a thematic basis. Its next meeting will consider how the needs of business are being addressed throughout the Programmes.
- The Committee received an update on private sector involvement in the Programme. It considered a number of proposals to address issues which emerged during feedback workshops held by WEFO's Private Sector Unit. This includes the development of a small number of projects that outline how specific programme aims and objectives could be met, with the private sector then able to put forward detailed proposals for how they would deliver the project. The Private Sector Unit will be taking this work forward over the coming months.
- The PMC endorsed the draft Annual Implementation Report for 2001, which will now be submitted to the European Commission.
- The PMC has been concerned about the length of time taken by local and regional partnerships in considering project applications and asked the Implementation Group to consider this issue. The Group's conclusion was that the time taken by a partnership to process a project application was not necessarily an accurate reflection of the quality of support given by the partnership. It felt that the way forward is to establish a protocol setting out the standard of service which partnerships should aim to meet in providing help and advice to applicants. While the Committee welcomed the development of such a protocol, it felt that it was important for applicants to have an indication of the length of the application process. As a result, it has requested that the protocol should include a requirement for partnerships to inform applicants how long they expect the application process to take.

3. Finally, I would like to inform members that I have now completed my round of visits to the local, regional and strategic partnerships. These visits have been invaluable and it has been particularly encouraging to see the partnership structures working so well. This was of course a point picked up by the Welsh Affairs Committee, who noted that our approach has been praised by the European Commission as well as other Objective 1 regions. We will shortly be holding a training day for all Objective 1 Partnership Chairs, which I am pleased to report will include a session with the Minister. The training day will provide a valuable opportunity for us to consider whether there is scope for the partnerships to deliver even more effectively.

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