

Enterprise, Innovation and Networks Committee

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Date: Wednesday 3 May 2006

Venue: Committee Room 2, Senedd, Cardiff Bay

Title: National Strategic Reference Framework

Background

1. On 28 February, the UK Government launched its consultation on a draft National Strategic Reference Framework for future Structural Funds Programmes in the UK.
2. The purpose of the National Framework is to establish the broad strategy for Structural Funds spending in the UK and to provide a reference framework for the development of future Structural Funds Programmes from 2007 to 2013. The draft Framework includes an analysis of the strengths and weaknesses of the UK's economy and the proposed priorities for future Structural Funds spending in the UK. There is a separate chapter dealing with the priorities for the use of structural funds in Wales.
3. On 9 March, the Committee Chair wrote to twenty seven key organisations inviting them to submit their views on the draft Framework. Four responses were received by the deadline and these are summarised at Annex A.

Key points

4. All respondents broadly support the priorities for Wales outlined in the NSRF, and the economic assessment on which they were based;
5. Two of the respondents have suggested alternative criteria for allocating Competitiveness funding between UK regions;
6. All respondents supported the need to align the Structural Fund programmes with EU, national and local strategies and priorities, particularly (for WCVA and WLGA), with community development programmes and (for NIACE Dysgu Cymru) with programmes developing social capital in communities; for Jobcentre Plus, alignment with the issues outlined in the Green Paper, A New Deal for Welfare: Empowering People to Work is important.;
7. The WCVA and the WLGA highlight the need to recognise the specific needs of particular groups and target funding in a flexible way accordingly.

Chris Gwyther AM

Chair

Annex A

Summary of responses

Wales Council for Voluntary Action (WCVA)

WCVA is generally supportive of the priorities identified for Wales in the NSRF and particularly welcomes the Convergence priority to "improve the administrative capacity of public administrations and public services", but states that.

The Assembly Government should establish clear ways of working with the voluntary sector on the programmes and should retain the partnership principle;

Guidance should be published on how priorities fit with the Lisbon Agenda;

Structural Funds and the Rural Development Plan (RDP) should be complementary to and consistent with community development programmes such as Communities First, Rural Community Action and Article 33, particularly in urban areas;

Co-operative working with local communities to set the economic regeneration agenda, through the Spatial Plan Groups, Community Strategy Partnership and Communities First Partnerships will be critical to the success of the programmes;

Rates of economic inactivity and household income should be the criteria against which ERDF funding is allocated across UK regions;

There must be flexibility within the UK ESF programme to address local and regional issues specific to Wales; UK-wide initiatives (Jobcentre Plus, New Deal) should integrate with local strategies and partners to ensure interventions are tailored to the needs of target groups;

It is necessary to clearly identify mechanisms for delivering the strategy on the ground, including a commitment to work with voluntary and community organisations, and a framework and standards for consultation at national, regional, sub-regional and local levels;

WEFO should define a "strategic project" and consider how to increase the capacity of voluntary organisations to access resources, so that they can act as lead partners for strategic projects;

The Assembly Government should acknowledge the need for significant support for geographical focal points of deprivation, including isolated rural communities and areas of industrial decline, both of which are experiencing economic and social problems; in both cases, voluntary and community groups play a vital role in creating and maintaining sustainable communities.

The Assembly Government should use "programme bending" in its available funding streams, to

ensure that marginalised groups get support proportionate to their needs.

Welsh Local Government Association (WLGA)

The WLGA broadly agrees with the priorities outlined for the Convergence programme. For the Competitiveness programme, WLGA recommends extending the sustainable communities priority to include East Wales, to address territorial issues relating to urban growth and rural diversification, particularly as building sustainable communities and community regeneration are outlined as key priorities in the Competitiveness programmes for England and Scotland respectively.

The WLGA adds that the lack of information on the balance of funding between the priorities makes it difficult to comment further on the design of future programmes.

Further points raised by the WLGA are:

The Wales chapter of the NSRF provides a sufficient focus on the Lisbon Agenda, but the WLGA is concerned about the proposed 'earmarking' of Structural Fund expenditure for the Lisbon Strategy, particularly "the extremely limited definition of activities that contribute to the Lisbon Strategy being advocated by the member states". The WLGA believes that Structural Funds should contribute to the broad objectives of the Lisbon Strategy and quotes a Commission report from February 2005 which says that:

"We do not recommend a general and mechanical alignment of the types of investment for which the Structural Funds can provide support with the Lisbon Agenda's priorities."

It is not clear in the NSRF what the proposals are for ensuring consistency between the Structural Funds and other EU policies and funding streams. It is vital that there is co-ordination at programme level and at local level; the NSRF contains little information in terms of co-ordination on the ground. The WLGA believes, for example, that there is scope to co-ordinate the Sustainable Communities priority under the Structural Funds with Axis 3 and 4 of the RDP and possibly Axis 4 of the European Fisheries Fund with existing domestic community planning processes;

WLGA agrees that Competitiveness funding should be divided equally between the ERDF and the ESF at UK level, but it is important that there is flexibility at the regional level to set a different split of funding between ERDF and ESF;

The Commission's indicators for allocating ERDF Competitiveness funding across the UK regions may not reflect policy priorities; alternative criteria such as VAT registrations, business expenditure on R&D and levels of carbon emissions should be considered;

For the ESF Competitiveness funding, alternative indicators could be economic inactivity, "worklessness" and qualification levels;

The use of co-financing and pre-match funding are good ways of improving the co-ordination between the Structural Funds and domestic resources, but they work best when used as tools for

simplifying processes rather than as ways of imposing top-down control;

The new programmes should be aligned with domestic strategies, particularly community strategies and partnerships, which should be seen as the primary management and delivery structures at the local level;

"Strategic projects" should not be identified only by their size, but by the impact of the proposed activity in addressing the stated need or opportunity;

There should be recognition of the needs of different areas with local or sub-regional targets and monitoring to ensure effectiveness;

Most projects will be delivered at the local level; some of the strategic projects in the current programmes have not engaged sufficiently with the local level, which has led to them having limited impact on the ground.

NIACE Dysgu Cymru (NDC)

NDC:

Recognises the need to address economic inactivity in Wales and accepts the emphasis on this in the Lisbon and Gothenburg Agendas;

Believes that to ensure that action to reduce economic inactivity is effective, there must also be provision that provides ease of access onto courses: confidence, social interaction and other 'soft skills' are extremely important in empowering the economically inactive, who are often socially excluded; programmes need to be designed to build social capital in communities.

Jobcentre Plus

Jobcentre Plus is identified in the English chapter of the NSRF as being a potentially key player in delivering the UK Government's strategic agenda.

Key points outlined by Jobcentre Plus are:

It supports the stance taken in the NSRF regarding greater alignment with domestic strategies and stress the importance of aligning the Assembly Government's strategies with those of the UK Government;

Appropriate references to issues raised in the Green Paper, A New Deal for Welfare: Empowering People to Work would help to ensure a joined up approach to opportunities aimed at raising economic activity levels;

Jobcentre Plus favours an approach which links strategic delivery with an element of direct bidding to

harness creativity and innovation.