

# **EIN(2) 06-06(p.8)**

## **Enterprise Innovation & Networks Committee**

**Date: 20 September 2006**

**Venue: Committee Room 2, Senedd, Cardiff Bay**

**Title: 2007 - 2013 Structural Funds Convergence Programmes  
Consultation Document**

### **Purpose**

1. The Committee is invited to note the content of the paper and to discuss its response to the Convergence Programmes consultation. The Consultation document and background Supporting Documents are accessible via the following link: <http://www.wefo.wales.gov.uk/default.asp?action=newsdetail&ID=1762> Printed copies of both documents have also been circulated to all Committee members.

### **Summary**

2. This paper provides an outline guide of the content of the Convergence Programmes (West Wales and the Valleys) Consultation document which was launched in electronic form by the First Minister at the Tredomen Gateway Building on Friday 28 July. A short summary of all the priorities and themes, for both ERDF and ESF, is at Annex A, and the list of consultation questions from the document is attached at Annex B.

### **Background**

3. The consultation document details the vision, strategy and priorities for the economic, social and environmental regeneration of West Wales and the Valleys over the period 2007–2013 with the support of the European Structural Funds – the European Regional Development Fund (ERDF) and the European Social Fund (ESF).

4. The strategy is based on an analysis of the region's needs and aspirations, together with an assessment of the lessons learned under the current programmes. It has been developed in the context of the objectives of the European Union's Lisbon and Gothenburg agendas for sustainable economic reform, and key Welsh Assembly Government national policies, including *Wales: A Better Country*, the *Wales Spatial Plan*, *Wales: A Vibrant Economy*, the *Skills and Employment Action Plan*, the *Environment Strategy for Wales* and *Making the Connections*.

4. In line with *Wales: A Vibrant Economy*, and the Lisbon strategy, the new programmes will have an even stronger focus on boosting growth and increasing jobs.

## **The Vision for the Convergence Region**

5. The priorities for the programmes (ERDF and ESF) have been developed to give effect to our vision for West Wales and the Valleys as a vibrant, entrepreneurial region at the cutting edge of sustainable development .

### **Priorities**

6. The priorities proposed are:

- Knowledge and innovation for growth (ERDF);
- Creating an attractive business environment (ERDF);
- Building sustainable communities (ERDF);
- Increasing employment and tackling economic inactivity (ESF);
- Improving skill levels and improving the adaptability of the workforce (ESF);
- Making the Connections: modernising and improving the quality of our public services (ESF).

7. The proposed overall focus of each priority was outlined to the Committee at a previous meeting (03 May), as part of the discussion on the Welsh chapter of the UK National Strategic Reference Framework. (See Annex A).

### **Cross Cutting Themes**

8. The draft regulations for the new programmes envisage a continuing role for Environmental Sustainability and Equal Opportunities as cross-cutting themes. All projects which apply for, and receive funding under the new programmes, will be required to demonstrate how these themes have been taken into account. The current ICT cross cutting theme is being mainstreamed as part of the new programmes due to progress achieved in the current programme period.

### **Allocation of resources**

9. The European Council has agreed that all relevant resources, including Structural Funds, should be mobilised in support of the Lisbon strategy, and has agreed so called "Lisbon ear-marking targets" to link future Structural Funds investments more closely with the Lisbon priorities. A minimum of 60 percent of Convergence resources must be directly linked to supporting Lisbon priorities.

10. In the Convergence programmes consultation document we are proposing to go above this minimum level and link 65 percent of resources to Lisbon investments. We believe this to be in line with the strategic needs identified in Wales: A Vibrant Economy, and what the region requires to create an innovative, knowledge based economy.

11. Driving up levels of skills and increasing employment rates will be central to delivering sustainable economic improvements in West Wales and the Valleys. It is therefore proposed to increase the share of ESF funding in the new Convergence programmes to 40 percent, above its 35 percent share of the current Objective 1 programme.

12. The Convergence programmes for West Wales and the Valleys (ERDF and ESF) have been developed together, ensuring that the priorities will complement and add value to each other. This will facilitate flexibility between the funds, especially in the areas of innovation, skills, employment and sustainable communities. There will be also be increased opportunities to support innovative actions and trans-national co-operation projects.

## **Implementation**

13. The new programmes will be based on a simplified structure. There will be mono-fund programmes and programming will take place at priority rather than measure level. This means that the current 6 priorities and 37 measures in the Objective 1 programme will be replaced by just 6 priorities.

14. We want to ensure that the new programmes have an even greater impact by adopting a more strategic approach to implementation, by streamlining arrangements and being more joined up. Our intention is to drive forward the new programmes through strategic frameworks, though there will still be some opportunity for the more familiar bidding arrangements and direct commissioning from WEFO. Organisations will need to bring forward robust ideas, in the context of strategic frameworks, that clearly illustrate how they will contribute to achieving the objectives of the Programmes, and to delivering activity that will also take forward the Lisbon agenda of economic growth and jobs.

15. It is envisaged that there will be a strong role for the Spatial Plan Area Groups in giving direction to the development of Strategic Frameworks for ERDF Priority 3: Building Sustainable Communities, in their respective areas and for prioritising associated projects. We also see a role for the groups in influencing the development of other thematic Strategic Frameworks to ensure they address sub-regional needs.

16. The Welsh European Funding Office is also developing simplified and speedier ways of working to administer the new programmes. These are being designed to ensure full compliance with EC regulations, to improve the efficiency and effectiveness of application and payment systems, to strengthen monitoring arrangements, and to improve customer service while reducing overall costs. To support these new business processes, WEFO is investing in a sophisticated new IT system called PPIMS, which will include web-based services for applicants.

## **Consultation Arrangements**

17. Wales is the first part of the UK to put any of its draft Structural Funds programmes out to public consultation and we are keen to maintain this momentum so that the programmes can be agreed at the earliest possible date.

18. The consultation document has been published both electronically and in paper form, and individuals and organisations are able to respond by writing, faxing, or e-mailing the WEFO Post 2006 mailbox, or by attending one of the consultation workshops arranged by WEFO. These events are scheduled for the 04, 11, 18 and 29 September. Partners are also arranging their own events and

meetings, and my officials are attending these where possible.

19. The consultation document builds on the extensive involvement which has taken place with a wide range of partners and stakeholders since the autumn of 2005.

20. Following analysis of the responses, the programmes will be formally submitted to the European Commission in the late autumn. The start date is subject to the successful negotiation of the programme with the European Commission over the winter, but we would anticipate reaching agreement in early 2007.

21. The Consultation Document for the East Wales Regional Competitiveness and Employment programme will follow in late autumn. The Cross-Border Programme with Ireland will also be issued for consultation later in the year once agreement is reached with the Irish authorities.

22. The draft EU North West Europe Objective 3 Operational Programme 2007-2013 (the successor to INTERREG IIIB), has been launched for stakeholder consultation. The deadline for this is 22 September and can be accessed via the WEFO website – [www.wefo.wales.gov.uk](http://www.wefo.wales.gov.uk)

## **Financial Implications**

23. We have received details of the final figures from the EU Commission on the size of the new programmes. The Convergence programme will be of a similar size to the current Objective 1 programme, 1.85 billion euro over 7 years. It will be important that projects more closely align with agreed priorities, and we expect to maximise the use of our own programme resources to lever in Structural Funding.

24. The European Council of Ministers (through COREPER) has reached agreement that all Member States should have the option of including private co-financing in their programmes if they so wish.

25. The Regulations were agreed and published in the Official EU Journal on 31 July, and have been published on the Europa website with a link provided from the WEFO 2007 – 2013 programmes webpages - <http://www.wefo.wales.gov.uk/default.asp?action=page&ID=1681>

26. The different structure of the new programmes, and the alignment with Welsh Assembly Government priorities will help us to look at new and innovative ways of match-funding and co-financing projects, that will streamline processes and reduce bureaucracy.

## **Action for Subject Committee**

27. Members of the Committee are asked to provide feedback to WEFO officials on the consultation document, using the formal consultation questions at Annex B.

## **Annex A – Priorities and Themes of the WW&V Convergence Programmes**

### **ERDF Priority 1: Knowledge and innovation for growth**

Will promote economic growth through higher value added products and services, allowing businesses to grow and improve their competitiveness and productivity through technological advances e.g. investment in R&D, supporting entrepreneurship, access to business finance and sectoral development.

Theme 1: Fostering R&D, Technology and Innovation

Theme 2: Business Finance

Theme 3: Entrepreneurship

Theme 4: Information Society for all

### **ERDF Priority 2: Creating an attractive business environment**

Focuses on strengthening strategic economic infrastructure, including transport and ICT. Will also support the growth of the environmental goods and services sector, and help respond to environmental risk e.g. developing clean and renewable energy, encouraging energy efficiency, waste management initiatives, exploiting maritime and inland water assets;

Theme 1: Sustainable Transport

Theme 2: ICT Infrastructure

Theme 3: Energy

Theme 4: Tackling environmental risks to economic growth

Theme 5: Environment for growth

### **ERDF Priority 3: Building sustainable communities**

Focuses on tackling deprivation and improving local economies in an integrated way, bringing together physical regeneration with community economic development.

Theme 1: Physical Regeneration

Theme 2: Community Economic Development

### **ESF Priority 1: Increasing employment and tackling economic inactivity**

Focuses on increasing employment and promoting social inclusion by developing co-ordinated action to overcome barriers e.g. childcare, and disincentives to work, reducing the risk of people moving

from work into unemployment and long term economic inactivity, promoting healthier lifestyles and equal opportunities.

Theme 1: Helping people into sustainable employment

Theme 2: Helping people to remain in work

Theme 3: Promoting gender equality in employment

## **ESF Priority 2: Improving skill levels and improving the adaptability of the work-force**

Focuses on modernising and developing the economy through development of the skills and adaptability of enterprises and workers, new entrants to the labour market, in particular young people, and those facing particular barriers or disadvantage. It will also focus on the transition from school to work, improving basic skills, address skills gaps and shortages and support progression in employment.

Theme 1: Supplying new entrants to the labour market with the skills needed for employment

Theme 2: Raising the skills base of the workforce and supporting progression in employment

Theme 3: Improving systems of workforce development and addressing skills gaps and shortages

## **ESF Priority 3: Making the Connections: modernising and improving the quality of our public services**

Will support targeted investments in public services in both the public and voluntary sectors making services more accessible, coherent, effective and efficient, and responsive to the needs of individuals, businesses and communities. It will include support for developing the skills of public service managers, develop and expand electronic access, and improve dialogue and co-operation.

Theme 1: Transforming public services through more effective collaborative working

Theme 2: Building the capacity of public service sectors to deliver higher quality services

NB: in implementing each priority, account will be taken of the need to address equal opportunities for all, and environmental sustainability.

## **Annex B – Convergence Programmes Consultation Questions**

### **Chapter 1: The Analysis**

1. Do you agree with the overall Vision for West Wales and the Valleys?
2. Do you agree with the Analysis of strengths, weaknesses, opportunities and threats facing the Region?

### **Chapter 2: The Strategy**

3. Do you agree with the Strategy?
4. Do you agree with the aims and objectives for the programmes?
5. Do you agree with the monitoring and evaluation strategy?
6. Do you have any views on what the themes for innovative actions and transnational activities might be for the ERDF and ESF programmes?

### **Chapter 3: Priorities**

7. Do you agree with the focus of the priorities?
8. Do you agree with the proposed priority level indicators?

### **Chapter 4: Cross-Cutting Themes**

9. Do you agree with the proposed objectives and approach to mainstreaming Equal Opportunities within the programmes?
10. Do you agree with the proposed objectives and approach to mainstreaming Environmental Sustainability within the programmes?

### **Chapter 5: Implementation arrangements**

11. Do you agree with the proposals for the broad allocation of resources?
12. Do you agree with the proposals for strengthening strategic implementation?
13. Do you agree with the proposals for Technical Assistance?
14. Do you agree with the proposals for the Programme Monitoring Committee (PMC)?

## **Welsh European Funding Office**