



**Cynulliad Cenedlaethol Cymru
The National Assembly for Wales**

**Y Pwyllgor Menter a Dysgu
The Enterprise and Learning Committee**

**Dydd Iau, 4 Mawrth 2010
Thursday, 4 March 2010**

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Cofnodir y trafodion hyn yn yr iaith y llefarwyd hwy ynndi yn y pwyllgor. Yn ogystal, cynhwysir cyfieithiad Saesneg o gyfraniadau yn y Gymraeg.

These proceedings are reported in the language in which they were spoken in the committee.
In addition, an English translation of Welsh speeches is included.

Aelodau'r pwyllgor yn bresennol
Committee members in attendance

Christine Chapman	Llafur Labour
Jeff Cuthbert	Llafur Labour
Paul Davies	Ceidwadwyr Cymreig Welsh Conservatives
Nerys Evans	Plaid Cymru The Party of Wales
Gareth Jones	Plaid Cymru (Cadeirydd y Pwyllgor) The Party of Wales (Chair of the Committee)
David Melding	Ceidwadwyr Cymreig Welsh Conservatives
Jenny Randerson	Democratiaid Rhyddfrydol Cymru Welsh Liberal Democrats

Eraill yn bresennol
Others in attendance

Jonathan Hale	Rheolwr Prosiect, Pontydd i Waith Project Manager, Bridges to Work
Bill Hill	Pontydd i Waith Bridges to Work
Margaret Jervis	Cyfarwyddwr Gweithredol, Plant y Cymoedd Operational Director, Valleys Kids
Clare Manning	Rheolwr Prosiect, Adeiladu'r Dyfodol Gyda'n Gilydd Project Manager, Building the Future Together

Swyddogion Cynulliad Cenedlaethol Cymru yn bresennol
National Assembly for Wales officials in attendance

Dan Collier	Dirprwy Glerc Deputy Clerk
Joanest Jackson	Uwch-Gynghorydd Cyfreithiol Senior Legal Adviser
Siân Phipps	Clerc Clerk
Ben Stokes	Gwasanaeth Ymchwil yr Aelodau Members' Research Service

Cynhaliwyd y cyfarfod yng Nghanolfan Soar, Penygraig
The meeting was held in the Soar Centre, Penygraig

Dechreuodd y cyfarfod am 9.27 a.m.
The meeting began at 9.27 a.m.

Cyflwyniad ac Ymddiheuriadau
Introduction and Apologies

[1] **Gareth Jones:** Bore da, bawb, a **Gareth Jones:** Good morning, everyone and chroeso cynnes i'r cyfarfod hwn o'r Pwyllgor a warm welcome to this meeting of the

Menter a Dysgu. Yr ydym yn cynnal ein cyfarfod y bore yma yn neuadd fawr Plant y Cymoedd yng nghanolfan Soar ym Mhenygraig. I ddechrau, diolchaf yn fawr iawn i gynrychiolwyr Plant y Cymoedd sy'n gyfrifol am yr adeilad hardd hwn am wneud pob trefniant ar ein cyfer. Yr ydym yn falch iawn o gael bod yma yn eich cwmni ac yr ydym yn gwerthfawrogi'r ymdrech yn fawr iawn.

Enterprise and Learning Committee. We are holding this morning's meeting in the great hall of the Valleys Kids base in the Soar centre in Penygraig. At the outset, I would like to thank Valleys Kids representatives, who are responsible for this beautiful building, very much for making arrangements on our behalf. We are very pleased to be here in your company and we very much appreciate the effort.

[2] Cynhelir y cyfarfod yn ddwyieithog. Mae clustffonau ar gael er mwyn clywed y gwasanaeth cyfieithu ar y pryd o'r Gymraeg i'r Saesneg ar sianel 1 ac i chwyddleisio'r sain ar sianel 0. Bydd cofnod o'r cyfan a ddywedir yn gyhoeddus ar gael.

The meeting will be conducted bilingually. Headsets are available to receive the simultaneous translation service from Welsh into English on channel 1 and to amplify the sound on channel 0. A record will be made available of all that is said publicly.

[3] Atgoffaf bawb i ddiffodd eu ffonau symudol ac unrhyw ddyfais electronig arall. Nid oes angen cyffwrdd â'r meicroffonau. Nid ydym yn disgwyl ymarfer tân, ac, felly, os bydd argyfwng, dylid dilyn cyfarwyddiadau'r tywyswyr sydd o'n gwmpas.

I remind everyone to turn off their mobile phones and any other electronic devices. You do not need to touch the microphones. We are not expecting a fire drill, so, in an emergency, please follow the instructions of the ushers who are around us.

[4] Yr ydym wedi derbyn ymddiheuriadau oddi wrth Andrew Davies a Dr Brian Gibbons. Nid oes dirprwyon.

We have received apologies from Andrew Davies and Dr Brian Gibbons. There are no substitutes.

[5] Yr wyf yn gwahodd unrhyw ddatganiad o fuddiannau gan Aelodau.

I invite Members to make any declarations of interest.

[6] **Jeff Cuthbert:** I should declare, Chair, that I am the chair of the Programme Monitoring Committee for the whole of Wales—convergence and competitiveness. So, any comments I make will reflect that.

[7] **Gareth Jones:** Diolch am hynny, **Gareth Jones:** Thank you for that, Jeff. Jeff.

9.29 a.m.

Cronfeydd Strwythurol: Gweithredu Rhaglen 2007-2013 Structural Funds: Implementation of the 2007-2013 Programme

[8] **Gareth Jones:** Symudwn ymlaen i brif eitem y cyfarfod heddiw. Yn fyr, fel cefndir, dyma'r ail sesiwn yn ein hymchwiliad newydd i gronfeydd strwythurol: gweithredu rhaglen 2007-13. Yr ydym yma heddiw i glywed profiadau prosiectau lleol. Yr ydym yn gwerthfawrogi'r papurau a'r dystiolaeth ysgrifenedig yr ydych eisoes wedi eu cyflwyno. Yr ydym wedi cael cyfle i ddarllen y dystiolaeth, ac mae gennym

Gareth Jones: We will move on to the main item of today's meeting. The background is that this is the second session in our new inquiry into structural funds: implementation of the 2007-13 programme. We appreciate the papers and the written evidence that you have already submitted. We have had an opportunity to read the evidence, and we have questions based on the information received. Thank you for providing us with the

gwestiynau yn seiliedig ar y wybodaeth yr ydym wedi ei derbyn. Diolch ichi am baratoi ar ein cyfer gyda'r dystiolaeth ysgrifenedig.

9.30 a.m.

[9] Yr ydym yn falch o gael y cyfle fel Aelodau i ddod wyneb yn wyneb â'r hyn sy'n digwydd yn ein cymunedau drwy'r cronfeydd strwythurol hyn. Estynnaf groeso i Clare Manning, rheolwr prosiect Adeiladu'r Dyfodol Gyda'n Gilydd. Yn cynrychioli'r prosiect Pontydd i Waith mae Mr Bill Hill, prif swyddog creu swyddi, uned gwasanaethau cymunedol Cyngor Bwrdeistref Sirol Tor-faen. Croeso cynnes ichi. Yr ydym hefyd yn croesawu Jonathan Hale, rheolwr y prosiect Pontydd i Waith. Fel y dywedais ar y dechrau, mae'n dda gennyf groesawu Margaret Jarvis, cyfarwyddwr gweithredol Plant y Cymoedd. Diolch ichi am eich tystiolaeth ysgrifenedig, ac yn unol â'r drefn, fe'ch gwahoddaf i wneud cyflwyniad byr o dua phum munud i olrhain rhai o'r prif bwyntiau yr ydych yn dymuno eu rhannu gyda ni. Cawn gyfle wedyn i ofyn cwestiynau. Gallwn fynd yn ôl y drefn y cyfeiriais ati a dechrau gyda Clare, os yw hynny'n iawn. Yna, gallwn symud ymlaen at Bill Hill neu Jonathan Hale o'r prosiect Pontydd i Waith. Felly, Clare, drosodd i chi.

written evidence.

We are pleased to have the opportunity as Members to come face to face with what is happening in our communities through these structural funds. I welcome Clare Manning, project manager, Building the Future Together. Representing Bridges to Work is Mr Bill Hill, chief job creation officer, community services unit at Torfaen County Borough Council. A warm welcome to you. We also welcome Jonathan Hale, manager of the Bridges to Work project. As I said at the beginning, I am pleased to welcome Margaret Jarvis, operational director of Valleys Kids. Thank you for your written evidence, and as usual, I invite you to make a brief introduction of about five minutes to outline some of the main points that you wish to share with us. We will then have an opportunity to ask questions. We can follow the order that I referred to and begin with Clare, if that is okay. We will then move on to Bill Hill or Jonathan Hale from the Bridges to Work project. So, Clare, it is over to you.

[10] **Ms Manning:** Our Building the Future Together project targets the 11-19 age group in Rhondda Cynon Taf. Rhondda Cynon Taf County Borough Council is the lead sponsor and Coleg Morgannwg is the joint sponsor, so with those two organisations we feel that we have covered the whole of that age group within RCT. The project provides a suite of options and interventions that develop the skills needed for learning, for future employment, to raise young people's aspirations and to support their needs. This fitted in neatly with priority 1 of the European structural funds. We spent a considerable period of time, as you will see from our report, developing and getting the project approved. The total value of the project is £13.9 million, with £7.6 million coming from the ESF grant and £6.3 million from match funding from ourselves and Coleg Morgannwg. The project started on 1 April 2009 and it runs until 31 March 2012.

[11] As I said, our particular target markets are 11 to 19-year-olds who attend a school or college in RCT or live there. Specific targets within the project, which we have listed, are female participants, teenage parents, young people not in education, employment or training, specific interventions for looked-after children and young people who are disengaged from learning. There are also specific interventions to support literacy, numeracy and young carers. It is a large and far-reaching project. We have spent considerable time developing it, and we are putting in place accelerative systems to support young people with our educational systems. We have liaised with the Welsh European Funding Office for a considerable period of time with regard to the project, and we have had varying degrees of support and success with those elements with which WEFO has been involved.

[12] With regard to our particular concerns with the process, the guidance that was issued with the procurement, although it was okay at a structural level, when we came to delivering it on the ground there were many queries and unanswered questions that have taken time to be resolved and for it to be put in place. It is the amount of time that it takes to receive information on elements of our project from the Welsh European Funding Office that has caused delays for us.

[13] We have also had concerns about the age group that was funded. We are delighted that WEFO can now fund projects for those aged 11 to 19, because they have not been able to do so previously; that has been a major boost for us and the work undertaken in Rhondda Cynon Taf. However, it has taken staff in WEFO a tremendous amount of time to understand that market, to understand schools and what the needs of the 11 to 19 age group are, because they are all new areas for them.

[14] **Gareth Jones:** Diolch am y wybodaeth ychwanegol, Clare. Trof at brosiect Pontydd i Waith, a gofynnaf i naill ai Bill Hill neu Jonathan Hale wneud sylwadau agoriadol. **Gareth Jones:** Thank you for that additional information, Clare. I turn to the Bridges to Work project, and ask either Bill Hill or Jonathan Hale to make some opening remarks.

[15] **Mr Hill:** Jonathan Hale will lead on this.

[16] **Mr Hale:** Thank you for the opportunity to come here today. To set the scene, Bridges to Work is a priority 2 convergence project with the aim of moving people from economically inactive status to employment. The objectives for the project are attempting to bring people into the project through engagement routes as well as receiving referrals from other organisations. We have a long list of people with whom we are working. We also aim to increase self-confidence and motivation for employment, which is a particular challenge with some of our participants. We provide opportunities for some participants to raise skills and qualification levels and we provide support with employment-seeking activities, such as writing a curriculum vitae, job searches, interview practise and similar activities. We also provide interview opportunities with local employers through tailored pre-employment activities, and links to opportunities with other projects and agencies, such as Careers Wales, JobMatch and so on.

[17] The project has a target of about 16,700 participants, and aims to move 2,700 of those into employment over the course of the three years to the end of December 2011. It grew from ideas that were around in Merthyr Tydfil County Borough Council and Torfaen County Borough Council in early 2008. Initially, we submitted two separate expressions of interest, and eventually, over the nine months of the process, the project grew to cover six counties of south Wales, namely Bridgend on one side through to Caerphilly, Rhondda Cynon Taf, Merthyr Tydfil, Blaenau Gwent and Torfaen on the other side. Torfaen picked up the lead-sponsor role in this project because we have considerable experience of running Objective 1 programmes and nine years' worth of previous projects that we have delivered successfully prior to the Bridges into Work project.

[18] Bridges into Work has a sister project, Working Skills for Adults, which is a priority 3 project. The ethos of the project often is about generic transferable skills, so it was felt that the provision and activity that we are dealing with relates to employed people, to some extent, as well as the unemployed or those who are economically inactive. That is one area that caused us some difficulties at the inception of the project, due to the way that the frameworks were split into priorities. However, we managed to create a model that overcame most of those difficulties and allowed us to offer the provision in the way that we had intended.

[19] The project has been running for some time now. In general, it is doing well; we are

reporting an underspend due to some difficulties in getting started, essentially. I echo the point about the procurement process, which we have found to be difficult when one gets down to the nitty-gritty of awarding contracts and putting things out to tender. Having said that, we anticipate that by the end of the project period we will be able to report that we have met all the targets that we set for the project.

9.40 a.m.

[20] One of the main challenges that we face in that is the current economic situation. When the project was conceived, the job market was slightly different to where we find ourselves now. As I have said, the project largely looks at generic, transferable skills, and motivating people to move from economic inactivity into employment. One of the difficulties that we are finding is that, although we can help people to progress down that route, and can improve their skills, and so on, when the jobs are not available it is difficult for them to move into employment. We have to adapt the project to take that into account, and change the way that we are working, trying to ensure that we fulfil the ultimate aim of the project—moving people into employment.

[21] I made a number of recommendations in the written submission, and if I may, I would like to touch on one or two of those. One of the main difficulties that we have with the project application stage has been a lack of consistency in the guidance that we have received from WEFO. We understand that it is a brand new programme, and things are different to how they were under Objective 1. However, the project application stage was hampered by changes in advice and reissued guidance documents. That made us go back to the business plan stage a number of times.

[22] I would also recommend increased capacity for the financial appraisal team. Again, I felt that that would have been a valuable tool in assisting us to put together the financial profile for the project. We did eventually meet with a member of that team, but that was after approval, which goes against what I was told about the remit and the role of that team. I do not know whether Bill wants to add something.

[23] **Mr Hill:** I will, if I may. I should explain that Jonathan is managing the whole six counties operation, so he lives and breathes beneficiary numbers, our finances, our targets, and claims. However, I imagine that the committee will also be interested in some of the strategic issues, and that is more my role. I would like to say the following about the difference between where we are now, and what we might have been doing under Objective 1.

[24] It is often thought that European funding in the training field in the European structural funds in particular should be used on a social inclusion agenda. In other words, the main beneficiaries should be those with low basic skills, who are not accessing the market, and so on. However, we need to remember that the Lisbon agenda asks us to address a different complex of issues as well—that is, all of us in the Valleys should be trying to move our economies over the next six years in the direction of digital industries, the green jobs agenda, and the growth areas of the economy. Therefore, one of my jobs is to try to link what we are doing with the training of people to attracting jobs, ensuring that those jobs are of a higher value than the minimum, and ensuring that they are sustainable. I know that one of the things that the Chair is interested in is exit strategies; our exit strategy within six years has to be that we will have got the economy working in such a way that there are substantial numbers of people who are right for these types of jobs. I do not see that so much as a social inclusion agenda, but an economic development agenda. It has to be linked to the economic development functions of local authorities and the Government.

[25] **Gareth Jones:** Diolch yn fawr iawn **Gareth Jones:** Thank you for that, it is very

ichi am hynny, mae'n dra defnyddiol. Diolch i'r ddau ohonoch. Trof yn awr at Margaret Jervis sydd yma ar ran Plant y Cymoedd. useful indeed. Thank you both. I now turn to Margaret Jervis who is here representing Valleys Kids.

[26] **Ms Jervis:** I want to address the committee on the difference that Objective 1 has made and what convergence funding has done for the kind of community group that I represent. We are sitting in a building that was funded in a consortium way, but through Objective 1. This is only one of two community projects that we were able to do this with, in partnership. However, buildings mean nothing; it is what goes on in them that is important. In the Objective 1 era, we were able to apply for funding directly. We were able to get the funding that enabled us to put people in work in some of the most deprived communities. One thing that people do not always understand is that, if you have failed in or have been failed by the education system, the last place that you want to go to be retrained is an educational establishment. We have found continually that our job in such centres is to get people to a level where they have confidence to go into training in a more formal setting.

[27] With convergence funding, there is very limited opportunity for an organisation such as mine, and there are many such organisations throughout Wales. So part of the problem is that we had Objective 1 and we had started a journey—and there is a great deal of evidence of the success of that journey—but, come convergence, there was no continuity whatsoever. The first time we were able to access any convergence funding was in January this year. Obviously, there had been a process, because of all the procurement. Organisations such as the Arts Council of Wales and the Wales Council for Voluntary Action had funding for organisations, but we were tied into this huge procurement process, which made it very complex.

[28] In the previous round, this organisation was able to have more than £3 million of Objective 1 funding. To date, we have been able to raise £125,000 from the new convergence fund. That means that we are less able to work with the most challenged people, be they young or older—people from families where there is third or fourth generation unemployment. It is a long task to get people from the point of coming through a door such as this and perhaps encouraging them to be a volunteer, to a point where they are in a position, and prepared, to go on to get training to gain some of the skills that employers want. So, I feel quite strongly that the convergence funding process created a big block for organisations such as mine that have a commitment to work with those most difficult people. We were always told that we were too small. However, we were an active partner in the forerunner of Bridges into Work. I cannot remember the name of that scheme now. It has something to do with my age. It was something for growth.

[29] **Ms Manning:** It was Learning for Growth.

[30] **Ms Jervis:** Yes. At one point, because one of the private partners in that had failed to reach its target, it was organisations such as ours that, because of the work we were doing, were able to make Learning for Growth meet the targets that we had set. We are not in that position now. If Bridges into Work does not meet its targets, we will not be in a position to help, because we are not part of a partnership any longer; it comes down to the local authorities only. It sounds like a gripe, but I am really concerned because, if we are going to grow the gross domestic product of Wales, the difference has been made in the sort of communities that we operate in.

9.50 a.m.

[31] Unless we can change the situation of third and fourth generation unemployment to one where people have an aspiration to be employed—because that is what you find—there is no expectation for people to go into work, because that is not the norm for the family. We

have to change that in Wales. We need organisations that are working at that basic level of saying 'yes, let's get you thinking that you are capable of going into work'. That is what convergence has failed to meet; it has cut out that opportunity.

[32] **Gareth Jones:** Diolch yn fawr i'r pedwar ohonoch am ategu'r hyn yr ydych eisoes wedi ei nodi'n ysgrifenedig. Yr ydych wedi rhoi dimensiwn ychwanegol. Yr ydym yn derbyn bod hwn yn faes heriol a'ch bod chi yn ei chanol hi. Yr ydym ni yma i roi pob cymorth i'r mathau hyn o brosiectau. Yr ydych wedi canolbwyntio ar yr her, yr hyn yr ydych yn dymuno ei weld yn y dyfodol o ran cynaliadwyedd a chyflogaeth, a'r awydd i fynd i weithio. Yr ydych wedi ein tywys ar hyd llwybrau diddorol a heriol iawn, ond nid fy nyletswydd i yw gofyn y cwestiynau. Trof at David Melding ar gyfer y cwestiwn cyntaf.

Gareth Jones: I thank all four of you for highlighting some of the points that you have already made in your written evidence. You have provided an extra dimension there. We accept that this is a challenging area. We are here to give every assistance to these types of projects. You have concentrated on the challenges, what you want to see in the future in relation to sustainability and employment, and the desire to get back into work. You have taken us down some interesting and challenging routes, but it is not my role to ask the questions. I turn to David Melding for the first question.

[33] **David Melding:** What effect has the move to three-year projects had? Many people looking at convergence would be surprised that, in a seven-year programme, projects run for three years. You are aiming for these projects to have a lasting effect on the agencies that deliver a variety of education and training services. If those services were so bad in the first place that they needed intervention, you have to ask whether a three-year programme will deliver, unless I am being jaundiced. Are you doing things that are new? For instance, engaging with the private sector might be one way to identify skill needs and involve it in delivering them. I am sceptical that these structural changes can be achieved in three years. That brings me to my second point. Is there not a problem with the legacy? One has to ask why a system is so bureaucratic that it takes your projects two years to be formulated. What happened to those people who were there for optimum interventions in that two-year period? Have they just gone? It seems an odd way of operating. It is probably the system that is imposed on you; I am not accusing you of being dilatory. How structural and strategic is all this?

[34] **Mr Hill:** Three years is not long enough. The decision in WEFO to propose that projects under priority 2 should last no more than three years was taken so that it could take stock of how the projects that it approved were working. Then, only the ones that were working well were going to be allowed to last more than the three years. The premise is that it is a six-year programme and that three years is the first bite, rather than a terminal after three years. The bureaucracy is also an issue. I remember, in the days when we filled in the interactive ESF Objective 1 form, that everyone used to curse it. However, you can look back on those days now and think that they were charming compared with what you do now. By lifting all the rules, you leave much more scope to be in a trial-and-error situation and not find out until you have had a go at something that it is not acceptable. That has extended the process, and rather than moving to a simpler process we have moved to a more complex one. However, Jonathan and Clare may comment that there are other benefits in that; as a result maybe the projects are better thought-through before they start.

[35] Finally, on the question of whether the programme document is strategic, I would say that it is very strategic; it is more strategic than the previous document. It correctly involves national leadership, and provides scope for local initiatives to work in partnership better than the previous methodology. Consequently, the projects that have now been approved are more strategic in their impact.

[36] **David Melding:** Could I ask you a specific strategic question, then, related to what

you said earlier? Is there more engagement with the private sector across the areas that you cover—six or seven counties, I think, so it is a large area of the Valleys—so that that sector is involved in identifying existing skills gaps and anticipating new opportunities for the development of skills? That would increase economic strength into the future, I would have thought; I can see what the legacy of that would be. I have read all these papers and found no mention at all of private sector engagement at the moment, apart from the odd, slight reference to the procurement process.

[37] **Mr Hill:** I will give a short answer and let others speak. I would just say that, although you will not see that engagement in the projects, it is up to local authorities to set the parameters and put these projects in a wider context. That is where the engagement comes in. So all of us, especially in the Valleys area, are strategically engaged with big players in the private sector, and we are therefore tailoring the sort of training that we provide, and are much more aware of where the jobs growth is, and that will continue.

[38] **David Melding:** Is that not part of the problem? You are talking about big players, but most employment is generated by small players. Most indigenous enterprise comes in the form of SMEs.

[39] **Gareth Jones:** Before you respond, I think that Christine has a supplementary question on this.

[40] **Christine Chapman:** Interestingly enough, in one of the papers to note today—not part of your evidence—the West Wales Business Initiative states that it feels that the private sector is being left out, and that there is too much emphasis on the public sector. I just wondered whether you had any comments on that and whether you feel that convergence and structural funding has got the balance right between the public and private sectors. Why, for example, does the private sector sometimes feel left out of this process?

[41] **Ms Manning:** For Rhondda Cynon Taf, because ours was a priority 1 project for the 11-19 age group, it naturally fell to the public sector because it involved schools, and the education department. We are trying to work with the private sector through the project, but it is more on a voluntary basis. For example, the education business partnership is working on the project, bringing smaller organisations into schools so that pupils can work on specific activities and get experience that way. Also, with some of our targeted interventions for those who are most disengaged, we are working with local SMEs in the Cynon valley, for example, giving those young people first-hand work experience, working quite closely with those small organisations. They are getting good work experience and we are getting feedback from them on the type of skills that they need from our young people, which we can then feed back into schools. However, the private sector element of our project is very much on a voluntary basis at the moment, and is not formal.

[42] **Mr Hill:** If I could just come in here, for Bridges into Work and Working Skills for Adults, the private sector is much more important. On your point that we should not engage with the big players, we could engage both—

[43] **David Melding:** I was questioning whether you should rely on them.

[44] **Mr Hill:** Just to give you an example, we are in partnership with Microsoft and Cisco to set up training for technicians in the ICT field. Cisco tells us that there is a shortage of 61,000 network technicians in the UK, and therefore anyone who trains in that field is more or less guaranteed a good starting salary. You could be earning more than £20,000 as a starter. That is pretty good for someone who has perhaps had to leave Llanwern, who may have an industrial background with a lot about them. They could do the conversion course and then move off in a new direction. So, the big players are worth talking to. I take your point that

smaller businesses provide the bread and butter of work, but the answer to the question of why the private sector is not more involved is that applying for European funding is a complete pain in the neck, I have to say. The public sector is used to it, but the private sector is very impatient with it. Our experience is that if the private sector is to become involved, we have to do the application for it.

10.00 a.m.

[45] **David Melding:** I now move on to my final question, and perhaps another witness may want to respond to it. This is an interesting point. The big players are the basis of the old economic model, which we still need. We say that we have a pool of labour and that we can train people up for foreign businesses, so this is a good place for them to base their operations—or their technology, given that, in some lines of work, you do not need to be based physically in a certain area. However, that does not make our economy that much wealthier, because, structurally, indigenous enterprise is still limited. We are reliant on inward investors, people from outside the region giving employment to people within the region. In the example that you have cited, a lot of people would move, presumably, to other areas. If you really wanted to engage the SME sector—and this is perhaps not a criticism of you so much as of WEFO—could you not have talked to organisations like Maggie’s and said, ‘If you can link up with half a dozen small-ish SMEs in your area, and deliver some of these project objectives, you are in with a chance of some substantial funding streams’? Organisations like Maggie’s know their local communities extremely well. It seems to me that there has been a bit of a lack of imagination here, because we have been reliant on the big employers in the private sector and also the big public agencies.

[46] **Ms Manning:** May I come in here? My colleague has just said to me that, in Rhondda Cynon Taf, we have a £3 million-worth project approved, which is led by the private sector. We could give you more information on that, if that is the kind of thing that you are interested in.

[47] **David Melding:** You mean involving the private sector, do you not, rather than being led by the private sector? If it is your project, it has not been led by the private sector.

[48] **Ms Manning:** No, sorry.

[49] **Gareth Jones:** Could you provide more information for us at a later stage? That would be a key contribution.

[50] Diolch yn fawr iawn am y pwynt Thank you for that point.
hwnnw.

[51] David, do you want come back in here?

[52] **David Melding:** I just wondered whether the witnesses would reflect on that, because, if we are to make the Valleys more economically vibrant, the first priority is to improve the SME sector: to build on our existing enterprise and to grow that and make it flourish. For that, we have to back small platoons of businesses, and, as we have frozen out organisations like Maggie’s, that has been very difficult.

[53] **Ms Jervis:** To go back to part of the original question, it has taken two years to set up projects. Objective 1 was not wonderful and the process was not perfect, but it had some very good elements. That was all stopped, and a new process was set up, which took a long time. Part of the process that was important at a local level was the partnerships that Objective 1 insisted on our setting up. That was not easy, but it meant that local people were working together. Whether it was with the private sector, the third sector, or the local authorities, we

were working together. It was hard, and some people have difficulty understanding what partnership means, but that was all stopped, and a new process developed, which took a long time. It is a much more complex process for people to apply for and get involved in. You have to make an enormous effort, even when you get to the level at which we were able to apply through the procurement or something like that. It takes time to go back to WEFO after submission and being agreed by the arts council, and then it has to go back to the Assembly. The process is so long and hazardous that it just drags you down.

[54] **Mr Hale:** I will go back to some of the earlier questions. First off, when Bridges into Work was originally developed, it was as a six-year project, because we felt—and I agree completely—that that timescale was necessary to effect some of the changes that we wanted to see happen as a result of it. The day we were due to submit the final version of the business plan, WEFO announced that priority 2 projects had to be three years maximum, so we had to go back to the drawing board and rewrite it.

[55] **David Melding:** On the eve of submitting the application, you were told of this huge change in the methodology.

[56] **Ms Manning:** It was the same for RCT. Quite a way into submitting versions of our business case, we suddenly had feedback from WEFO that we could not submit anything longer than—

[57] **David Melding:** You could not have just chopped it in half. You had to redesign the whole thing.

[58] **Ms Manning:** Yes, it was completely changed.

[59] **Ms Jervis:** Not only that, but three years is not long enough. People get employed for three years to deliver these projects, but, in the first year, they are setting up, in the second, they are doing some work, and, in the third, they are looking for their next job. It is a ridiculous length of time to try to do the kind of work that these projects are set up for. Six years is not long enough, and so three years certainly is not.

[60] **Mr Hale:** The issue was somewhat compounded by the fact that the sister project, Working Skills for Adults, working with employed people, was approved for six years. That is good in some ways, but it does not add up.

[61] To address the point about SMEs, because the two projects are working in tandem, with one going to employers to do skills-needs analyses and identify areas for growth, thereby dealing with some of the larger companies, but essentially with SMEs as a whole, we are using that door into those employers to look not only at the current skills needs of their existing employees, but also at what they may need in the future. That is one thing that Bridges into Work is trying to do, by shifting the focus of some of our activities onto the skills agenda much more, based on what is needed in the local environment.

[62] **David Melding:** I ought to apologise to the witnesses, because I am concentrating on the deficiencies as I see them. Overall, the evidence in the papers and what you have outlined for us orally is very interesting, and closing the skills gap is certainly essential.

[63] **Gareth Jones:** Indeed. That has been an interesting discussion about private sector involvement, the processing, and the continuity factors. We are grateful for that valuable evidence.

[64] **Nerys Evans:** Mae gennyf gwpl o **Nerys Evans:** I have a couple of questions gwestiynau am y broses o fonitro a about the monitoring and appraisal process.

gwerthuso. Diolch yn fawr am y dystiolaeth hynod ddiddorol, yn gyntaf.

Before that, though, I thank you for the really interesting evidence.

[65] Soniasoch am ddryswch ynglŷn ag ailgyhoeddi dogfennau ar ddechrau'r broses, ac mae pryderon gan Claire bod dryswch wrth roi prosiectau ar waith, gan eu bod yn newydd. A yw'r pryderon am y dryswch yn wir hefyd am broses monitro a gwerthuso'r prosiectau? A oes gennych bryderon am y trefniadau monitro?

You mentioned the confusion to do with the republication of documents at the start of the process, and Claire has some concerns about confusion in implementing the projects, as they are new. Are those concerns true for the monitoring and appraisal process, too? Do you have concerns about the monitoring arrangements?

[66] O ran Pontydd i Waith, yr ydych yn sôn yn eich papur am y problemau posibl gyda chyfrif allbynnau'r prosiectau ddwywaith. A ydych wedi codi'r mater hwnnw gyda WEFO? Os ydych, pa ateb a gawsoch?

On Bridges to Work, you mention in your paper the potential problems with the double counting of the projects' outcomes. Have you raised that issue with WEFO? If so, what response did you get?

[67] Yn olaf, beth yw maint y broblem o gyfrif dwbl yn eich barn chi o ran mwy nag un prosiect yn mynd â'r clod am allbwn penodol?

Finally, what is the scale of the problem of double counting in your opinion, should more than one project take the credit for a specific outcome?

10.10 a.m.

[68] **Ms Manning:** For our project in priority 1, there is a huge risk of double counting. For example, we are delivering in Rhondda Cynon Taf, but we also have a national project called Reach the Heights. That goes into a number of schools targeting the same young people with whom we are already dealing. We are having issues trying to manage that. WEFO has come out with some guidance saying that, as long as it is a different type of intervention, it is content. I am uneasy with that response, because I am concerned that it might come back to us to say that it has changed its mind at a later date, and that it will be done separately. Double counting is a concern for me. RCT council has tried to implement a system with Fframwaith, which is our children and young people's partnership. It runs a monitoring group, which monitors all the activity on funded projects within RCT. We are trying to get a system in place so that we can monitor it ourselves and raise it with WEFO as quickly as possible, in case these things become an issue. Double counting is a concern for us, because our targets in RCT are so wide, and these projects can come in and possibly take our numbers.

[69] **Jenny Randerson:** What you are saying is incredibly worrying, because it undermines the basis of what we are told this money is achieving. It also means that the money is not being used effectively and efficiently. If there are two sets of people targeting one band of recipients, the second lot of the money is wasted. Were you aware of this early on, at the application stage, or has it been only in practice that you have discovered it? Are you aware of any process within WEFO, which is what I had imagined, that seeks to ensure that projects do not overlap?

[70] **Ms Manning:** From the outset, WEFO has tried to ensure that projects do not overlap. However, I, personally, am concerned that WEFO might change its stance, and might say that Joe Bloggs is seen on RCT's records and is now seen on the records of Reach the Heights, and the interventions are very similar. What we have discussed at a senior level can sometimes be quite different on the ground. Given that the projects are so large and go in to different schools, for example, giving science support, we in RCT do not always know that

the national project has been there. The communication links are not as good as they should be. We are striving to ensure that it communicates with us, so that we have an overview and we can communicate with WEFO to ensure that it does not happen. However, sometimes things change and people change their minds.

[71] **Mr Hale:** On this issue, Bridges into Work operates across six county areas. It overlaps with the large JobMatch programme, and it covers areas where Genesis Wales and Want2Work programme are operating. So, we have a number of projects operating in that geographical area. WEFO is aware of the potential problem. We were asked to sit down with the representatives of JobMatch in particular to discuss how to prevent the duplication of provision. We have had a number of conversations with WEFO officers, including Jane McMillan, who have eventually relented to some degree and allowed multiple interventions, which are entirely appropriate in some cases for participants. For example, the JobMatch programme is specifically vocational, while Bridges into Work is more about generic transferable skills. So, for example, we may have a participant for whom Bridges into Work is meeting a basic skills need, whereas JobMatch is delivering a qualification that is relevant to their employment. Both of those are essential to sustaining employment for that individual, but it does raise a question about who is taking credit for what.

[72] We have an agreement built in to the business plans of each project which stipulates that, due to the vocational nature of the JobMatch activity, they will be counting job outcomes for those participants, whereas Bridges into Work will not be. That has been held up as a good practice model for other projects to follow within the business planning stage. However, I have to say that we do not have a similar agreement built in for Want2Work or Genesis Wales. My work within Torfaen involves not only the Bridges into Work programme, but also Working Skills for Adults, and I also oversee the internal monitoring for the Genesis Wales project, Prevent Key Stage 3, Prevent Key Stage 4, and so on. So, I have a fairly good handle on what each project is trying to deliver and what they are recording and reporting. Essentially, the guidance has been that we should be reporting and recording what it is that the project is actually delivering and paying for. I have concerns that that is not necessarily always being followed. Obviously, without information from other projects, I cannot put a finger on the scale of the problem. However, we have been assured that when we submit the full participant record—not just the indicators and a number count, but the full dataset—to WEFO, the information will be looked at to identify where duplication may be happening. WEFO will then come back to us on those issues. We have submitted two sets of data, but we have not received any feedback as yet. However, I am fully expecting that we will receive feedback.

[73] **Nerys Evans:** Cododd Clare y pwynt ynglŷn â chyfathrebu, a dywedodd, yn ddiplomyddol iawn, nad yw cyfathrebu rhwng y prosiectau gwahanol sy'n gweithio gyda'r un grŵp o bobl cystal ag y dylai fod, o bosibl. O'ch profiad chi o weithio gyda phrosiectau sy'n ceisio targedu yr un math o bobl, sut mae'r cyfathrebu rhwng y prosiectau hynny? Pa ran mae WEFO yn ei chwarae o ran sicrhau bod y llinellau cyfathrebu ar agor a bod pawb yn deall beth mae'r gwahanol brosiectau yn ei wneud?

Nerys Evans: Clare raised a point regarding communication, and said, very diplomatically, that perhaps the communication between the various projects that work with the same group of people is not as effective as it should be. In your experience of working with projects that try to target the same kinds of people, what is the communication like between those projects? What is WEFO's role in ensuring that the lines of communication are open and that everyone understands what the various projects are doing?

[74] **Mr Hale:** Within priority 2, WEFO has put on a number of events for all the projects across Wales, which has been helpful in making contact at a strategic level. Within the projects that I have knowledge of it is, in some ways, a closed world, in terms of the

personnel on the ground. That is because the project field is quite small. Within Torfaen, the three big projects—JobMatch, Genesis and Bridges into Work—communicate very well, both at a project management level and also at the caseworker level, or whatever they are called within their particular projects. In terms of WEFO's intervention, it has largely been left to the projects. We were encouraged to discuss project ideas at an early stage with other projects to make sure that there was no duplication of activity. In terms of ongoing monitoring and how it is actually working, we are largely left to ensure that we are talking with the other projects.

[75] **Ms Jervis:** Having these huge projects is very good; there are strengths in that. However, one of the real weaknesses is the one that we have just hit upon now. If there was more communication in the form of the partnerships that were established under Objective 1 within local authority areas, the duplication that we are talking about might not happen. I hold my hands up: we have a Reaching the Heights project. Hopefully, we will be working alongside what the local authorities are doing, rather than being in competition with them. We need to communicate that. WEFO has some responsibility to ensure that that kind of thing is happening. That is something that we need to get back to: ensuring that people on the ground in local authority areas are talking to each other, that they are complementing each other's work, and that they work together to ensure that they reach the largest number of people that need to be reached, but without duplication.

10.20 a.m.

[76] **Christine Chapman:** Just on that point, my main question was going to be about partnerships. I was involved with Objective 1 when I chaired the Programme Monitoring Committee. There was a change to convergence and big strategic projects, and we moved away from the partnership approach. So, I had some concerns then. When you talk about partnerships and communication, is this something that people are just not doing? Should WAG be doing more to encourage local authorities? Is this something that we should be giving advice about to local authorities, for example, and should they be using this as an example of good practice? To be honest, this does not cost anything—it seems to be common sense. I am concerned about why this is not happening. We need to draw on the talent and expertise of everyone in our communities because this is the only way that Wales is going to make progress. Why is this not happening, if it is just down to people talking to one another?

[77] **Ms Manning:** Some of the things that the local authority has to with regard to priority 1 and the national Reach the Heights project are so vast that it is, perhaps, concentrating on those, rather than on wider communication. I liaise regularly with Judith Phillips at the Department for Children, Education, Lifelong Learning and Skills and communicate to her what the project is doing. My understanding is that DCELLS's role is to have an overview of all the priority 1 national and local projects and start linking us all together and helping us to communicate with each other. We have sat as a south-east Wales group once, last September or October. That was put in place by the Welsh European Funding Office. My understanding then was that WAG was going to lead on that group, and we were going to have quarterly meetings. However, nothing has come of that. People are starting to put things in place, but they are probably not putting them in place quickly enough. Of course, because the project is time-limited, we need to accelerate that process.

[78] **Christine Chapman:** Are community groups like Margaret Jervis's—the third sector—are being engaged by local authorities or the Welsh Assembly Government?

[79] **Ms Jervis:** Well, we were not involved in the south-east Wales meeting at all. I believe that, to avoid duplication at a local level, there has to be communication at a local level. We need to get away from wanting to be in control. We need fewer people saying, 'I need the power to do this,' and more people asking, 'What are you doing? What are we

doing? Are we complementing each other's work? Are we duplicating each other's work? How do we make it work?'. That can only happen if people are talking at a very local level where the organisations that are delivering these things are based—not at a regional level, like south-east Wales, but at local authority level. People need to talk to each other. Maybe that is what I am saying here: had the partnership operation in the previous Objective 1 programme not been taken away in the convergence programme, the partnerships at a local level, which were hard work, might not be facing the kind of problems that we are having now in relation to duplication.

[80] **Christine Chapman:** Finally, just to be provocative, David and Bill have talked about the ambitions for Wales with the structural fund and you were talking about the green agenda and making sure that people are trained and skilled and so on. Do you think that the partnership approach would meet that ambitious agenda as well? We need to make progress on that. We know that there has been huge progress with structural funds. We seem negative this morning, but a great deal of jobs have been created and we should be proud of that, but maybe we can do more. I wondered about the bigger picture as well. I think that there is an opportunity in the next 10 years, because the EU 2020 debate is ongoing. Is that the right direction of travel? We were talking about green jobs, for example. Are they going to meet that agenda?

[81] **Mr Hill:** The role of the third sector is very important in trying to bring about the transformation that we want. However, it depends on the sector. The most important players for the green jobs agenda who are not local authorities will be registered social landlords. They are third sector organisations. So, we are working closely with the likes of Melin Homes and Bron Afon Community Housing Ltd in Torfaen. They have such a wealth of resources that to miss them out would be a total mistake. So, that partnership is absolutely essential. If you are talking about the digital agenda and so on, we work closely with the Workers' Educational Association, because there is an affinity of spirit and wish between us. That is also crossing over to registered social landlords because they are the target organisations for Universal Home Access, which is one of the major ways of getting people to cross the digital divide. They are major players; they are important. Is there scope for, shall we say, community-level organisations in this agenda? The answer is 'yes, if we fund them'. They are an excellent way of reaching people whose confidence levels, when it comes to taking part in learning, are on the threshold. However, since they have no money, we must find not only European money for them, we also have to match-fund them. That is always a headache, and it is getting harder.

[82] **Jenny Randerson:** I have three questions, and I will ask them all at once to save a bit of time on the answers. I will start with the issue of the big-scale centralist approach. From the start, I have been very sceptical indeed about the centralist top-down approach. We were told that it was going to be so much more efficient, but Clare has now put a bomb under that and said, 'No, actually, we're not talking to each other.' Everyone has said the same thing, namely that the problems with that approach are considerable. Since this was raised by Margaret—although the others have reiterated it—can I ask you whether community organisations, as a whole, have approached WEFO about the way in which the new procurement process for funding is affecting them? I am sure that there are links between you, even though you are working in separate areas. Several people have talked about three years not being long enough, Margaret referred to how long it takes to apply for funding, and other people have talked about its complexity. If, as Bill says, the intention is that, after three years, you might get another tranche of money, do you already have information on how that application process will work for the second three-year period? Have you had any indication as to whether it will need to be a full reapplication? Will it be like lottery money, where you can only get the second lot of money if you can think of something new to do with it? That would mean that you would have to go back to the start and reinvent it all. I have considerable concerns about the amount of time that is taken up by the cumbersome application process. I

know that there are EU rules and all the rest of it, but the idea that one is voluntarily going through it twice is really rather worrying. So, I would like to know about that.

10.30 a.m.

[83] Everyone is concerned about young people not in education, employment or training—NEETs. Jonathan, you have produced figures: if I can think back, of 16,500 participants, your target is to get 2,500 of them in to work. On the face of it, that seems like a very modest figure, but then you talked about upskilling and so on. What I am interested in is, of your cohort of 16,500 people, how many are actually seeking work? So, your target is 2,500 out of how many? I am trying to get a handle on the level of ambition here.

[84] I will now ask my main question in relation to this, which is to everyone. Jonathan said, absolutely rightly, that the state of the economy has transformed since the applications were made. Has the WEFO process been sufficiently flexible to allow you to adapt what you are doing to meet the new economic circumstances, or are you stuck with a plan that you made two years ago in totally different circumstances?

[85] **Ms Jervis:** I will answer the question that you asked about whether the third sector has approached WEFO about how the process is affecting the smaller organisations. In all honesty, I would have to say 'no'. WEFO saw working with the third sector as meaning working with the national organisations. Our energy has to go into sustaining our organisations. We put a number of project idea forms on WEFO's board, because that was what we were told to do, and then we were told to do something else, and in the end we were told, 'No, you are too small'. I do not think that there has been an attempt to ask it to understand what that means to small organisations.

[86] **Mr Hale:** With regard to the question on the process for potential second tranches of money or the continuation of projects, it is my vague understanding that the process is dependent on the output, that is, the results of the first part of the project, and the independent evaluation that we will undergo. As for how the process will work, I have no information on that at the moment. Previously, when we have applied for extensions to projects, we have not had to go through the whole process from start to finish, because it has been a continuation of what we have set out in the business plan, with new delivery profiles set up. That would be my expectation, but we have not heard anything concrete on that.

[87] **Gareth Jones:** David Melding has a supplementary question.

[88] **David Melding:** Given the strategic importance of the work—you are trying to encourage enduring change among the organisations that deliver skills training and related services—is it not quite important that you know this fairly soon? There is a difference between a project that might run for six years and one that might run for three years. Some of your actions, if you knew it was likely that the project would run for six years, might change, would they not? The way that you are delivering at the moment would be adapted to that longer timescale.

[89] **Mr Hale:** Yes. In some ways, with Bridges into Work, we have tentatively made the assumption that we will be continuing for six years, because we could not see any way forward unless we made that decision. It is proving interesting, as I am writing the tender for the project evaluation at the moment. That is entertaining, because I am not entirely sure of the scope and remit of the project and whether this is the mid-point in a six-year project or the final three years. So, yes, it is causing some concerns.

[90] With regard to the employment targets for the project, I believe that the framework document for priority 2 says that the target is for about 20 per cent of participants to have

gained employment. The Bridges into Work target is roughly 16.5 per cent. The main reason for that, to be honest with you, is our agreement with the JobMatch programme, because of the amount of overlap. We have agreed that, where we are overlapping, JobMatch would count the job outcome. We got an agreement with WEFO to reduce the job targets, because we would not be so involved in that field in those areas.

[91] **Mr Hill:** I would just like add to that that you have to remember that the prime purpose of projects such as Bridges into Work and its predecessor is to train people. Therefore, the expertise that you engage in the project tends to be educators and trainers. The business of getting people into work is a different kind of skill. It would be perfectly possible to turn Bridges into Work into a project that is about both training and getting people into work. However, you would have to add a cohort of officers to it who are the sort of people that you would send out into the workplace to find jobs, and to support people into jobs and so on. We do not do that at the moment. So, it is fortuitous that even 20 per cent get into employment. Jonathan is quite right: JobMatch was set up not so much as a training function, but as a complete process to take people from economic inactivity, assess their needs, direct them to training—not necessarily to provide it—and then to support them through work placements and supported work experience opportunities. JobMatch employs people who are specialists at going into the workplace. So, they are complementary projects. You could merge them together, but it is wrong to expect something from Bridges into Work that it was not set up to do.

[92] **Jeff Cuthbert:** I was very interested to hear what Bill said about employment opportunities for IT network technicians. That gels very nicely with a short debate that I led at the Assembly yesterday evening on engineering. So, I was very pleased to hear that. At the beginning of this, I declared an interest as the chair of the Programme Monitoring Committee, so I will take note of that myself when I deal with these points, because it would be unfair to you if I did not. Before that, I succeeded Christine Chapman as the chair of the Objective 1 Committee. I am still chair of that, as we have one more meeting to go before we wind everything up formally. One big criticism of Objective 1 was that it was project-led, as opposed to strategy-led, and consequently there was enormous duplication in spending across Wales. Indeed, neighbouring local authorities were doing the same thing without having any regard to a regional strategy. That, hopefully, is not the case now. I will also say—I will abuse my position slightly—that I will be more than happy as chair to come along to meet your projects separately, and to have a much fuller discussion on your experiences. I make that offer now.

[93] On Objective 1, I take your point about good projects ending, but, of course, everyone knew that that was going to happen. It was always short-term funding and that is also the case with convergence, so there should be no surprise there. Everyone knew that there had to be an exit strategy in which you would either move into a sustainable project or it would come to a logical end. There was no question of the grant funding just continuing. We do not know at this moment, given the global economic situation, whether Wales will qualify again for convergence after 2013. We do not know whether the UK and Welsh economies will be skewed compared with the other parts of Europe. It is a bit early to say. Even if we are well over 75 per cent of average GDP per capita when the accounting is done, we may qualify for tapering-off moneys, or transitional funding, but we do not know at this stage. I certainly hope that we get something and that it is not a complete zero at the end.

10.40 a.m.

[94] What I can say, though, because I was with the European Commission on Monday, is that it definitely wants people to move away from a grant culture towards sustainability. It is very hard to argue against that in principle. My question, after that long-winded preamble, is about sustainability and the exit strategy for you now. We are determined to avoid the

criticism that was levelled during Objective 1, when we knew that it would finish, but the exit strategy was not at the forefront of our minds—we were not constantly monitored, with people from WEFO, or whoever, asking, ‘How are you preparing for the end?’ That was not done, so it was a bit of a blow for some people when it came to an end. We do not want that to happen this time, so, are you being prepared for exit? What are your plans? There are some paragraphs in here about sustainability thereafter. Will the project come to a logical end, or what? What is your situation in that regard at this time?

[95] **Ms Manning:** We had to build a sustainability section and an exit strategy into the business case that we submitted to WEFO, so it is something that we have, as a project, thought about from the beginning. There are many elements within our project and we are hoping that, as young people receive support, and as they become engrained in the systems within the schools, that the schools will take ownership of these different elements and continue to build them into their systems and run with them.

[96] We hope that we will no longer need some of the elements, so they will cease naturally over time. We will also do a proper evaluation of every element of the project and, as an education department, mainstream those that are important. This funding has enabled us to look at these systems and to look at new ways of running them, which we have piloted previously and which have been successful. So, for us, some elements of the project will cease, some will be adopted as part of our new system, but each element will be evaluated to ensure that what we want to deliver is being delivered and being delivered properly.

[97] **Mr Hill:** We are not actively planning this for the current project, because we anticipate that it is going to run for another three years, but I can tell you what our approach is when grant funding approaches a conclusion. It is a managed process and there are three options. First, work can be picked up through mainstream funding. Secondly, it can be picked up through a continuation of grant from another source or a continuation of grant from the same source. Thirdly, you have a managed process of contraction. What happens to the work is one thing; the legacy is a separate matter, which I will come to.

[98] If you have managed contraction, you have to prepare staff for the fact that they are not going to be employed in that work; so they are either going to be redeployed or made redundant and you have to plan in costs for that. On the likely impact on beneficiaries of Bridges into Work, what Bridges into Work allows us to do at the moment is to double the scale of the work that we do, but the match funding that mostly comes from the franchise, from the Welsh Assembly Government through DCELLS and through Coleg Gwent, will continue, so half the programme can continue. So it will become targeted on what is eligible for that grant funding.

[99] The people who are likely to miss out most will be those who cannot afford to pay for training or for classes, for example, people who are currently getting basic skills classes free. They may not be called basic skills classes, by the way, because there is a stigma attached to that; they could be called something else, but they are the front-line classes that people take as their first steps. No doubt they are the kind of thing that you would see a lot of in Margaret’s work—informal learning going towards more formal learning. It is the first-step work. The people who you are targeting for those courses are, typically, out of work. Their household income is on the absolute margins, and is likely to be benefits only. Those people simply do not have the disposable income to pay for classes that might cost £120 per year for a three-hour evening class, and so that will stop. That is the biggest bad legacy, as it were, of this operation.

[100] The legacy in other terms is hinted at in Jonathan’s paper. Convergence has moved the adult education work that we do away from a capacity-building role in communities towards a qualification-achievement role. Consequently, unless people come in on the basic

skills ticket, and unless people are prepared to sign up to a qualification, they cannot benefit from these current programmes. You might say that that culture is right, and that it is the correct thing for adult education provision in Wales to be going towards a more accredited culture. That legacy will be enduring.

[101] **Mr Hale:** The other element that we can add to that is the more strategic nature of these projects. The ACL provision is working together across six counties; we are identifying best practice, we are finding areas of expertise that we were unaware of and I expect that to continue. We have identified some economies of scale in what we do, more cross-border activity is happening and we would see that continuing as well.

[102] **Ms Jervis:** We were well aware that Objective 1 would come to an end and there were strategies. It was more that there was a feeling that, because we had convergence, some of the things that were working well should have been able to continue. Our way of operating, and that of many of the organisations that I represent, is to try to meet the needs of local people in their communities. It is exactly as Bill has said—we try to provide opportunities for those people who cannot afford to go to classes, to build that capacity for them to have some confidence and to take them further on. We try to provide all our training free at the point of entry.

[103] At the moment, a growth area, according to many WAG documents and so on, is the cultural industries sector. That is a growing sector within Wales. That is what our Reach the Heights project is all about: encouraging people to gain skills that will take them into a different area of work. Hopefully, what we will do at the end of the programme is find somebody else to help pay for the work; otherwise, it will come to an end, because that is what will have to happen.

10.50 a.m.

[104] **Paul Davies:** My first question is for Clare. In your opening remarks, you mentioned that yours is a wide-reaching project. Do you think that one reason for the difficulties in the application process was that WEFO saw your project as complicated, or had it just failed to plan, do you think? Had your project not been wide-reaching, would the application process have been less difficult?

[105] My second question is to Bill. Bill, you mentioned that investment in our economy should concentrate on the green agenda, on digital industries and so on. Are you saying that convergence funding projects are not concentrating enough on these areas, on the industries of the future, and, if so, how does that need to change?

[106] My final question is to Margaret. You have described eloquently that there is no flexibility in the system to apply for convergence funding to meet your objectives. What flexibility would you want to see and what would you want to be able to do? You have also said that the process is hugely complicated. How do you make it less complicated? If there was one thing that you could do to make it less complicated, what would it be?

[107] **Ms Manning:** I will start. When we started the process of project development for this project, the guidance from WEFO said that it wanted large, strategic projects and that is what we planned for. We spent a tremendous amount of time consulting with our schools and with support staff, as I have detailed in my paper, and put together a plan of what we thought was needed for RCT and what we could evidence. Part of the problem with getting WEFO to understand the project was that it was a new age group for it, and a new market. It took it time, and I do not know whether it realised that it would take it such a long time, to understand the differences between the 11 to 16 age group market—which was new funding for it—and the 16-plus market. It is the difference between somebody who is looking for

employment and somebody, aged 11, who is completely disengaged from school and needs a certain type of support. It took time for WEFO to understand those different elements.

[108] To be fair to it, even though it took a long time, it tried its hardest and we have come out the other side and it is knowledgeable in that area. Where it does not understand, it is happy to ask questions and to research and to come back to us. However, at the beginning, I felt that it was such a new area for WEFO that it probably overwhelmed it slightly.

[109] **Paul Davies:** It failed to plan then? Is that what you are saying?

[110] **Ms Manning:** Yes, it probably failed to understand how strategic some of these projects were going to be. Our project for RCT is very strategic, we have very strong support for it and it is changing how work is done with 11 to 19-year-olds in RCT. For us, it is a very important project and it took WEFO far longer than we wanted to appreciate its importance.

[111] **Gareth Jones:** Before Margaret comes in, Jeff, do you want to follow up on that point?

[112] **Jeff Cuthbert:** To be fair to WEFO, and I know that I chair the PMC, dealing with children of compulsory school age, on the face of it, breaches European rules on subsidiarity and additionality, in that it is the job of the member state to make provision in that area. You would have to demonstrate very clearly to WEFO, and it would have to accept, in line with European rules, that this was genuinely additional to what the state ought to be providing. All of that had to happen: I just put that on the record, to be fair to WEFO. It is not just an issue of its planning; there are fundamental principles involved here.

[113] **Gareth Jones:** Margaret, did you have a comment?

[114] **Ms Jervis:** How flexible would I like WEFO to be? Strategic planning and strategic projects are very important, because you need that overview and that strategy. What Clare was talking about happens very locally, in local schools. It might be strategic throughout the authority, but it will only happen if it happens in a local community. There are other things that happen in a local community that mean that, because everything has to be strategic, voices such as that of our organisation have less power and are less able to be heard. Therefore, I would like more flexibility in allowing some leeway for projects such as ours, which put a lot of effort into preparing project idea forms, to be able to take those further.

[115] What is the one thing that I would want WEFO to do? I am not very sure. Everybody seems to have moved away from the idea that grants are an important way of delivering things. When you go for procurement, however you look at it, it is a top-down process. My work has always been from the bottom up, and, therefore, unless I have areas where I can get a grant to deliver that bottom-up work, that top-down approach will continue, which might not always meet local needs.

[116] **Mr Hill:** First, I think that the programme document is well construed in identifying the areas for investment. So that is a good start. As for the projects that come forward in those areas that are addressing IT and green jobs and the other growth sectors—which could include food as well, actually—I am trying to emphasise how desperately important that side of the programme is, if you want to end up with a sustainable economy, which is the whole point of the programme. However, you have to remember that there is not that much EU funding. I have heard it likened to the principle of homeopathy—that very small traces of something can have far-reaching effects.

[117] I will give you some examples. The top end of Torfaen has the town of Blaenavon in it. Blaenavon has Doncasters Blaenavon Ltd as a major employer. Doncasters could increase

its employment by 50 per cent, but what is holding it back is that there is insufficient power coming into that area from the national grid, and it is estimated that it will cost around £10 million to upgrade the power supply. It may be possible to provide that £10 million under the EU funding, although difficult. That is holding back a tremendous opportunity for people to be employed there, so we have to recognise that infrastructure issues are the biggest issues that WAG needs to address and to help others to address. That might be done in combination—Doncasters might put something in, but £10 million is a lot to ask of it, so we might look to a combination of funding.

[118] Another infrastructure issue is broadband access. At the moment BT is concentrating on Newport and Cardiff: the Heads of the Valleys and the top end of Torfaen is not even in its spectrum of discussion. How is the capacity of the telephone system or the fibre-optic system to be increased in that area so that those jobs that depend on large volumes of data flowing in and out can be realised up there? The answer is that it might possibly be done under Objective 1, but it will need Government help as well, and, fortunately, because of WAG's strategic regeneration areas, it happens to be eligible. There is more money coming into that area through strategic regeneration than there is through convergence at the moment, but, if you are smart, you might be able to get them both.

[119] Torfaen is 12 miles long and, in the bottom area, the old Cable and Wireless company, before it got merged into Virgin Media, installed underground fibre-optic cables in about 80 per cent of the streets in Cwmbran. It then stopped because the market failed in that area. We want to get cabling up to the top of the valley. How do we get it up there? We have talked to Virgin Media, which says that it is interested, but that it will depend on how many households will give it a return, that is, will sign up to its provision. Therefore, in terms of market forces, there is not quite enough there to make this commercially viable for it, so some incentivisation will be needed. Perhaps it is a matter of us digging the ducts and the company just putting in the cable—that might be a way of doing it. When I say 'we', I mean 'Wales'. It cannot be the local authority; we are too small. It is thinking along those lines that is needed.

11.00 a.m.

[120] **Gareth Jones:** Diolch yn fawr iawn. David, did you have a final comment?

[121] **David Melding:** There was some reference in the evidence to the effects of the economic crisis and reductions in public expenditure. Do any of the witnesses want to expand on that? Will the running of some of the projects be endangered, as match funding dries up?

[122] **Ms Manning:** One problem we may have in the future is our source of match funding, if public sector funds are cut, but WEFO has acknowledged this very early on and said that if this does happen, it will sit down with us, look at the project and see how it can be reworked so that the project and its delivery is not damaged in any way. WEFO has been supportive of us if that becomes an issue.

[123] One element that we have struggled with is recruitment of staff for the project. In the current environment, people have been reticent about moving from permanent to fixed-term contracts. For some jobs, we have advertised three times. This will be our third time for one post now.

[124] **Jeff Cuthbert:** What type of jobs?

[125] **Ms Manning:** They are project officer posts, which are based in the school clusters and have a co-ordinating role in the delivery of the project. We have struggled with that, and we have struggled with recruiting Welsh-language learning coaches to be based in schools.

[126] **Mr Hale:** Bridges into Work and Working Skills are also facing issues over the match funding that is going to be available to them. We have discussed with WEFO whether, when we are looking at the extension of Bridges into Work, it would be allowed to enjoy the

revised intervention rates, because our project was approved before that rate change was made and we were stuck with where we came in. We are hoping that, for the second three years of the project, we will enjoy that new rate.

[127] The impact that it is having elsewhere is that as the total pool of the available match funding shrinks, more and more of that, as a percentage, is being pushed into the project, which means that we are cutting back in other areas, and that will continue to happen. In some ways, that highlights the focus on the skills agenda, because the areas that are being eroded are, perhaps, some of the less accredited, less vocationally relevant areas of existing adult education provision. We are not too sure what the franchise settlements will look like next year and we will be talking to WEFO when we get further information on that. This harks back to questions about the flexibility to adapt the project, and we may put that to the test at that point. It is a serious concern.

[128] **Mr Hill:** The message, Chairman, is that it is very dependent on decisions about how much money DCELLS is putting into the FE sector, because that is where we get the match.

[129] **David Melding:** This is a very important point, Chair, because, as we have heard, these projects have taken a while to get up and running, and now serendipity has worked in a negative way and we are running out of time. Economic strain was not really anticipated when you were drawing up your plans. We might want to look at this in our recommendations.

[130] **Gareth Jones:** I need to draw the meeting to a close now. On behalf of my fellow Members, I thank you. This has been a very comprehensive and wide-ranging evidence-taking session. We have looked at weaknesses, which was inevitable, but I would take on board what Christine said, which is that there are positive aspects. We have noted the enthusiasm and the drive to make things better and to improve the situation in the project areas in this part of Wales and throughout Wales. You certainly have our support in the good work that you are undertaking; we want you to keep the faith, as it were. Your contribution has been and will be of great importance to us.

[131] Our fairly simple method is that we collate the evidence and draw up a report with recommendations. The concerns, the expressions of support, the ambition and the enthusiasm will all be in that report, which will then be the subject of a debate in the Senedd and, of course, it will be up to the Welsh Assembly Government to respond to the concerns. All of us here are working together to get things moving in Wales and you have not only given us the local picture and the concerns in local communities, but you have shared with us your vision of this wider, more sustainable future for Wales. It has been a very interesting and informative session.

[132] I would like to thank you and wish you all the very best in these important matters and the projects that you are undertaking. Diolch yn fawr.

[133] Mae gennym ddau bapur i'w nodi. Y cyntaf yw 'Cronfeydd strwythurol: gweithredu rhaglen 2007-2013—West Wales Business Initiative. Y papur arall i'w nodi yw cofnodion y cyfarfod blaenorol. There are two papers to note. The first is 'Structural funds: Implementation of the 2007-2013 programme—West Wales Business Initiative'. The other paper to note is the minutes of the previous meeting.

[134] Cyn imi gloi'r cyfarfod, hoffwn ddweud mor falch yr ydym o gael cyfle i gynnal y cyfarfod hwn y tu allan i Gaerdydd mewn adeilad mor hardd â chapel Soar. Mae hynny wedi golygu ymdrech arbennig gan staff y Cynulliad sydd yma; maent wedi gweithio'n galed i baratoi popeth a sicrhau Before I conclude this morning's meeting, let me say that we are extremely pleased to have had an opportunity to hold this meeting outside Cardiff in such a beautiful building as Soar chapel. That required a great effort by the Assembly staff here; they have been working hard to prepare everything and

bod popeth wedi gweithio gystal. Felly, diolch i'r swyddogion, sydd wedi bod yma ers awr gynnar iawn—yr oedd rhai ohonynt yma neithiwr i baratoi ar gyfer cyfarfod heddiw. Diolch yn fawr, ac yr wyf yn mawr obeithio eich bod wedi cael budd o'r cyfarfod. Diolch yn fawr iawn.

ensure that everything runs smoothly. Therefore, I thank all the officials, who got here at a very early hour—some of them were here last night to prepare for today's meeting. I thank you all, and I very much hope that you will have benefited from this morning's proceedings. Thank you.

*Daeth y cyfarfod i ben am 11.08 a.m.
The meeting ended at 11.08 a.m.*