

Enterprise and Learning Committee

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Dear Sir / Madam,

Inquiry into EU structural funds in Wales

Thank you for the opportunity to submit evidence to the National Assembly for Wales, through the Enterprise and Learning Committee, on the use of structural funds in Wales from 2007 to 2013. Our evidence is based on our experience of the West Wales and the Valleys convergence programme, which is the main source of European funding available in Gwynedd.

The opportunities to transform the economy of West Wales and the Valleys by using funding from the convergence programme are clear and, as an authority, we are making every effort to facilitate the success of these programmes on a local, regional and national level.

We welcome the opportunity to provide information, which will enable you to assess the programme's success thus far, as well as to offer recommendations on the implementation of the programme until its conclusion.

As a local authority, we believe that we play a key role in the development and implementation of the programmes in the area by supporting and facilitating access to funding for others, as well as by steering our own projects.

The following comments, therefore, are based on our experience and information emanating from the above; they have been prepared through consultation with other local authorities in north-west Wales.

1.0 General comments

1.1 The structure of the convergence programme looks towards a reduced number of high-level strategic schemes, which, as a result, are usually larger than those seen during the previous programme (Objective 1, 2000 to 2006). There is also an emphasis on working in partnership with other organisations and agencies on a sub-regional and national level to develop and implement projects. While we welcome the opportunity to collaborate, experience has shown that it adds considerable time to the application process and that it is, essentially, complicated. Thus far, we have seen that it takes time to stabilise relationships and arrangements for collaboration while developing plans and preparing to implement them. Looking back, we believe that it would have been worthwhile for the Assembly Government and its partners to develop a standard procedure at the outset, in order to facilitate and standardise working practices.

1.2 We also note certain concerns regarding the ability of large national schemes to operate on a local basis, specifically in terms of setting and announcing targets, outputs and specific expenditure for areas; this makes it difficult to monitor success in local geographic areas. The ability of these projects to identify local needs and respond to them is also questionable and, in connection with this, we consider that there is room for improvement in the way in which they communicate with local stakeholders.

1.3 With the development of a number of large national projects, ensuring access to funding on a local level frequently involves a tendering process. This means a change in thinking from the traditional practice of searching for grants, towards providing services; we believe that this is to be welcomed. We would note, however, that we must ensure that no sector is excluded from this process (especially the third sector), working proactively to prevent any difficulties.

1.3 While the programme provides opportunities for communities and local organisations, it should be noted that obtaining sufficient co-funding is problematic. This is due to constraints and cuts in local authority budgets and difficulties in the private sector as a result of the current fragile economic situation. We note that the increase in intervention rates across the programme has been helpful and has enabled some schemes to go ahead and be realised. We also note the importance of the continuation of the targeted match fund, administered by the Assembly Government, in providing funding.

1.4 In relation to co-funding, we welcome the ability to develop projects that last for up to five years. However, our experience indicates that securing a budget for a period of more than three years through some domestic co-funding sources is restrictive and affects our ability to develop projects.

2.0 Progress

2.1 Generally, we feel that the programme's progress has been slow thus far. Although the number of approved projects appears to be promising, with the associated major financial commitment, we are concerned that the level of certified spend is substantially lower. Our concern is that these low levels of spend are an indication of a lack of local activity, which is connected to the point made in 1.2 above.

2.2 The application process itself continues to be convoluted and involves many steps. This, along with some technical difficulties with

WEFO's online system, has caused long delays. In liaising with WEFO officials during the application process, we have, as an authority, had varied experiences. We consider WEFO's spatial teams to be generally proactive and swift in responding, while some other departments are not so successful in providing support. At times, we get the impression that there are disparities in the appraisal methods for local authority bids—it appears that major schemes are easily approved when some further development work needs to be done.

2.3 We have specific experience of how slow officials can be during the process of assessing the business plan for the 'Get on in Gwynedd' project (ESF Priority 1 and 2). Discussions began with WEFO in November 2007, the business plan was submitted in December 2008, and we did not receive any comments for a period of 5 months. This caused long delays in the project's development. As a result of this, a substantial amount of work had to be done at short notice to reconsider the financial package that was associated with the project. 'Get on in Gwynedd' has now been approved, a year and three months after the first meeting.

2.3 We also draw your attention to disparities in the initial guidance received from WEFO officials. In the initial stages of a discussion in the field of land and property, the council was provided with guidance on the size and scale of a proposed project, which has, by now, changed substantially. We feel that the application process is not transparent enough; some projects are put on reserve lists for long periods of time, which causes uncertainty about their future.

2.4 The tender process that the programme uses to commission activity can also be slow and can impair progress. In addition, the lack of consistency between tender processes presented by the larger projects is a great cause for concern. There are some excellent examples of clear and transparent processes and robust guidelines, e.g. WCVA's tender process for the Engagement Gateway and North West Wales ILM projects. There are also examples of long and complicated processes that are difficult to follow, e.g. the Countryside Council for Wales's Communities and Nature project, as well as the coastal and sustainable tourism projects from Visit Wales. During the Visit Wales tender period, there were some difficulties in seeking to fit ideas into the project's restrictive budgetary requirements; this restricted activity, which could affect its long-term sustainability.

2.5 We also note an issue regarding starting projects once approval is received from WEFO. A project start date is specified straight away (within a few days); we have already had experience of having to reprofile expenditure immediately to take staff recruitment and so on into account. We would recommend, therefore, that time is given between approval and the start of the project, so that all the necessary arrangements can be made.

3.0 Successes thus far

3.1 The programme has already brought success to north-west Wales. Ten projects worth £114m have been approved; a combination of joint projects between local authorities, joint projects between other bodies, and also individual projects. Fifteen projects from the north-east Wales area are currently at the final stages in their development and are worth around £185m. Many projects have also been supported following a tender process. Despite the success, we would note that this is substantially lower than the south Wales regions.

3.2 We believe that the European spatial teams, a partnership led by the Assembly Government in conjunction with Welsh local authorities and the WCVA to facilitate access to convergence funding, have shown their value in supporting and facilitating access for organisations to funding through the programme. Good practice across West Wales and the Valleys is regularly shared through the sharing of successful business plans to support the development of project ideas. We look forward to the continuation of these successes through the European spatial teams.

3.3 Some of the recent developments in the programme's content are also to be welcomed. Recently, we welcomed the announcement regarding the possibility of providing IT infrastructure through the programme. These changes will mean that funds could assist with infrastructure improvements to enhance access to broadband in rural and less populated areas where there is no connection. We look forward to seeing the development of specific schemes using the programme soon.

4.0 Project distribution

4.1 Recent figures from WEFO show that 30 per cent of the programme thus far has been invested in businesses, 46 per cent in people and 22 per cent for community regeneration; this does not reflect the distribution of approved project managers. The Assembly has developed and leads on a high percentage of approved projects. This corresponds with the situation during Objective 1; it seems that the private sector has the lowest number of projects. We would also note that the third sector does not find it easy to access funding directly at present.

5.0 Project sustainability

5.1 We feel that the fact that fewer projects will be approved means that the long-term sustainability of individual developments will not be as much of an issue. We also consider that the business planning process adopted in the programme means that projects have to seriously consider sustainability from the outset; this is to be welcomed. However, we also draw the Committee's attention to the importance of ensuring the sustainability of schemes that receive funding through the tender process.

Thank you, once again, for the opportunity to contribute to this important discussion. We hope that the comments above will assist you in your work.

Yours sincerely,

Sioned E Williams

Head of Economy & Community