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Ein Cyfeirnod/Our Reference

Eich Cyfeirnod/Your Reference

Dyddiad/Date 23 February 2005

Kathryn Jenkins

AUDIT COMMITTEE REPORT ON 'EUROPEAN UNION STRUCTURAL FUNDING: PROGRESS ON SECURING THE BENEFITS FOR WALES'

Thank you for your letter of 14 January in which you asked for the Auditor General's advice on the Welsh Assembly Government's response to the recommendations made by the Audit Committee in its report *European Union Structural Funding: progress on securing the benefits for Wales*.

The Welsh Assembly Government welcomed the Audit Committee's findings and has responded positively to the nine specific recommendations made by the Committee. It has fully accepted eight recommendations, and partially accepted one: recommendation (ii) on template projects. WEFO is reluctant to commit itself to "picking up the pace" on template projects for two reasons:

- a) although WEFO is commissioning eight projects to meet specific needs in the programme, only four of these are template projects that will go out to the market; and
- b) it is unlikely that any projects for the current round of programmes will be developed after 2005. This is due to the reducing availability of funds as the programmes near their end, and increasingly stringent state aid regulations.

We consider that WEFO is addressing the spirit of the recommendation, since eight projects are being developed to meet specific strategic needs. Furthermore, WEFO accepts the principle of template projects and will consider how best to use it in the 2007-2013 programming round. In this context, we do not consider it necessary for the Committee to take any further action.

The Assembly Government has given very full and helpful responses to the other recommendations in the report.

We will continue to monitor the progress made by the WEFO in implementing the Committee's recommendations and will draw to the Committee's attention any areas where we consider that further action by the Committee is merited.

I hope that you find this response helpful.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'M. Peters', followed by a horizontal line.

Martin Peters
Private Secretary to the Auditor General for Wales