

ECONOMIC DEVELOPMENT COMMITTEE: 31 OCTOBER

REPORT BY THE CHAIR OF THE OBJECTIVE 1 PMC

1. The Objective 1 Programme is continuing to make good progress. We have now committed some £380 million – a third of the total available grant funding - to around 650 projects. With match funding, this will represent an investment of almost £880 million in West Wales and the Valleys. However, although much progress has been made, there is no room for complacency with a continuing need for close monitoring in certain areas.

2. The Programme Monitoring Committee has continued to meet throughout the Programme area and we held last month's meeting met in Aberaeron. The main issues considered at the meeting were:

- The Committee noted the progress which has been made in terms of commitments and spending. It also noted that the main challenge now is to accelerate the rate of commitments, as we are working to secure commitments of some £500 million around the turn of the year.
- The Committee has continued to monitor the 'N+2' requirement. For 2002, expenditure is continuing in excess of the target for ERDF and ESF. The position is less clear-cut for EAGGF, where we are monitoring closely a small number of large projects which need to spend in line with their current forecasts in order to avoid de-commitment. The PMC is also keeping a close eye on the 'N+2' target for the end of 2003.
- The PMC discussed the work of the Policy Group, which now operates on an all-Wales basis to improve the linkages between the three mainstream Programmes. The Group has developed a thematic work programme, with the initial focus on business support. The Policy Group will be considering community economic regeneration and the PMC has asked it to consider any reasons which might be limiting the take-up of funding under Priority 3 of the Programme.
- The Committee has been keen to encourage further private sector participation in the Programme, including a new 'commissioning' approach. This will involve the development of a small number of 'template' projects that outline how specific Programme aims and objectives could be met. The private sector will then be able to propose the detail of how they would deliver the project. The Private Sector Unit will be taking this work forward.

- In terms of work being undertaken to simplify the grant application process, the PMC is supporting the development of a Guide setting out the standards of service which partnerships should aim to meet in providing help and advice to applicants. Work is also in hand on a simplified application form.
- The Committee spent some time considering how to make the partnerships dealing with infrastructure measures more effective. There is a need to define more clearly the role of the Infrastructure Regional Partnership, and to remove some overlap with the Business Assets Strategy Partnership at both the strategic and project levels. It was decided that the infrastructure partnership should be empowered to provide the qualitative assessment of projects in the relevant measures, and the Implementation Group has been considering how this arrangement will operate in practice. Meanwhile we are continuing to make progress in bringing forward strategic infrastructure projects, with a great deal of development activity under way.

3. Finally, I would like to inform members that we held a training day for Objective 1 partnership chairs in July, which both the Minister and I attended. It was very useful to bring the chairs together to take stock of the Objective 1 process, to share experiences and to learn from each other. Arrangements have been made for a further meeting in January, which will focus on the monitoring and evaluation role of the partnerships.

Christine Chapman AM
October 2002

OBJECTIVE 3 PMC CHAIR'S ORAL REPORT - FOR THE ECONOMIC DEVELOPMENT COMMITTEE - 31 October 2002

Opening Remarks

The Programme has been progressing well since the last report to this Committee and I am pleased to report we have achieved some significant targets since June.

Programme Progress

- Over **300** projects have now been approved and over **£30m** in grants have been allocated to projects from the total value of £81m for the 7 years of the Programme.
- The Programme **n+2 target for the end of 2002 has already been met**, which means that there are no current de-commitment issues. A total of over £8.4m had been paid to project promoters by the end of September.

- Predicted outputs of approved projects against the target outputs are being monitored using reports produced by WEFO from their new database. The level of outputs predicted indicates that the programme is on target to achieve its key targets. Predicted outputs range from 11% to 228% of the total target for the programme.

The commitments at Partnership and Measure level are being kept under constant review. A significant increase in commitment levels is expected by the end of October as projects from most partnerships are currently being assessed by WEFO.

Partnerships and their Lead Bodies working with WEFO have been addressing under-performing measures. A plan for corrective action will be presented to the next PMC.

A combination of approaches is being used to tackle the issue including promotional activities, sharing best practice, exchanging examples of effective projects, raising awareness on match-funding sources, using focus meetings, workshops and working sub groups to develop ideas.

Social Risk Capital

I would like to draw your attention to a successful project, the Social Risk Fund small grants scheme under Priority 2 Measure 4 which is administered by the WCVA using a simplified application process. Grants totalling £253,517 to 26 projects have been awarded during the first year of the WCVA project.

Mid Term Evaluation

WEFO's Research Monitoring and Evaluation team has completed a European procurement procedure to appoint an independent evaluator to assess the results of European assistance received, test the continued relevance of the programme strategies and recommend any action to improve the programme's quality and effectiveness.

The competitive tendering exercise, through advertisement in the Journal of the European Commission, resulted in five contractors submitting tenders. These five contractors presented their proposals to a technical evaluation panel. The contract was awarded on 19th September 2002 to a consortium headed by CRG Research Ltd., which includes Cardiff University and others, with a sound knowledge of European structural funds.

The consortium has commenced work which will be completed in time for its final report to be submitted to the European Commission by 30th September 2003 via the Objective 3 Programme Monitoring Committee

All Wales Policy Group

The next meeting of the all Wales Policy Group will focus on the Human Resources element of the Objective 1 Programme, as well as Objective 3 and EQUAL.

Next PMC meeting

The next Objective 3 PMC meeting will be held on Wednesday 11th December 2002 in Cardiff.

Kirsty Williams AM