



To consultees on the attached list

Cardiff Bay
Cardiff
CF99 1NA

27 October 2011

Dear Colleagues,

A call for evidence – the Effectiveness of European Structural Funding in Wales

The Finance Committee is calling for information to help it scrutinise the effectiveness of European Structural Funding in Wales. We want you to let us know about your experience of the impact of European Structural Funding in Wales to date. In particular, we intend to examine use of the Convergence and Regional Competitiveness and Employment Programmes in Wales for the 2007-2013 period.

In this paper we have detailed 5 specific questions. You can answer any/all of these, or just let us know in general terms about any concerns you have around the impact and effectiveness of European Structural Funding spend against its intended objectives, and whether this spend represents value for money.

You can find background information about the Finance Committee and what European Structural Funds are, in annex 1.

The inquiry's Terms of Reference

The purpose of this inquiry is to examine use of the EU Structural Funds in the Convergence and Regional Competitiveness and Employment Programmes in Wales for the 2007-2013 period. The inquiry will focus on examining, where possible, the impact and effectiveness of spend against objectives and value for money.

Providing information to the Committee

Interested parties are invited to submit written evidence to the Clerk of the Finance Committee at the above address, to arrive by **Monday 9 January 2012**. If you wish to contribute but are concerned that you won't be able to meet this deadline, please speak with the Clerk of the Committee on 029 2089 8597.

If possible, please supply an electronic version in MS Word or Rich Text format, by e mail to FinanceCommittee@wales.gov.uk by **Monday 9 January 2012**.

Please begin your submission by providing some information about yourself, or your organisation, before setting out your views and experiences in relation to some or all of the following areas.

What we'd like from you: consultation questions

1. To what extent do you consider the Convergence and Regional Competitiveness and Employment Programmes in Wales for the 2007-13 period, to have achieved- or to be achieving- their intended objectives?
2. Do you consider the various projects funded by European Structural funds in Wales to be delivering value for money?
3. Do you have any concerns around the use of the Targeted Match Fund? Do you have any concerns around the use of Welsh Government departmental expenditure, as match funding? What impact do you believe public sector cuts have had (and may have) on the availability of public sector match funding?
4. How effectively do you believe the Welsh European Funding Office (WEFO) have monitored and evaluated the impact of projects?
5. Do you have any concerns regarding the sustainability beyond 2013 of the activities and outputs delivered through projects financed during the current round of Structural Funds?
6. What is your own experience of accessing European Structural Funding?
7. Is the private sector in Wales sufficiently engaged in accessing European Structural Funding?
8. In 2009, WEFO negotiated an increase in programme intervention rates with the European Commission for the two ERDF and the ESF Convergence Programmes. In its July 2010 report, the Enterprise and Learning Committee noted that the South West Regional Development Agency had negotiated higher intervention rates with the European Commission. Is Wales making the most effective use of increased programme intervention rates?

The Committee has invited submissions from those on the attached distribution list (Annex 2). However, **we would be grateful if you could forward a copy of the letter to any individuals or organisations that are not included but who you think might wish to contribute.** A copy of this letter has been placed on the National Assembly's website with an open invitation to submit views.

The Future of European Structural Funding in Wales

The National Assembly for Wales' Enterprise and Business Committee is currently undertaking a separate inquiry into the future of European Structural Funding, post-2013. Their inquiry is based on the European Commission's newly-published legislative proposals for the future of EU Cohesion Policy, which define the architecture of future funding and set common rules to govern the different funding streams.

Although these are separate inquiries, evidence raised in each Committee's investigations may inform the other's.

Further information about the Enterprise and Business Committee's inquiry into the future of European Structural Funding can be found at:

<http://www.senedd.assemblywales.org/mgCommitteeDetails.aspx?ID=228>

Disclosure of Information

Witnesses should be aware that once written evidence has been submitted to the Committee it is treated as the property of the Committee.

The Committee welcomes contributions in English or Welsh, and we ask organisations with Welsh Language policies/schemes to provide bilingual submissions, in line with their public information policies.

It is the Committee's intention to place written evidence on its website, and it may subsequently be printed with the report. The National Assembly will not publish information which it considers to be personal data with the exception of personal opinion and personal data relating to your identity as author of the evidence and the capacity, if any, in which you provide the evidence (for example, a job title).

However, in the event of a request for information (which includes personal data) being submitted under the Freedom of Information Act 2000, it may be necessary to disclose, in whole or in part, personal data that you provide. This may include personal data which has previously been removed by the National Assembly for publication purposes (as described in the paragraph above).

If you are providing any information, other than personal data, which you feel is not suitable for public disclosure, or if you do not wish your identity, as author of the evidence, to be disclosed, this must be clearly identified and it is up to you to stipulate which parts should not be published, and to provide a reasoned argument to support this. The National Assembly will take this into account when publishing information or responding to requests for information.

Further information about the Finance Committee and its call for information can be found at: www.assemblywales.org

Yours sincerely

A handwritten signature in black ink, appearing to read 'Jocelyn Davies', written in a cursive style.

Jocelyn Davies
Chair, Finance Committee

Annex 1- Background information

Who are we?

The Finance Committee is a cross party committee of the National Assembly for Wales, made up of Members from all four political parties represented at the Assembly.

The Committee is not part of the Welsh Government. Rather, the Committee is responsible for reporting on proposals laid before the Assembly by Welsh Ministers relating to the use of resources.

What European Structural Funds does Wales currently qualify for?

For the programming period 2007–2013, Wales qualifies for European Structural Funds support for three types of programmes:

- Convergence - (West Wales and the Valleys)
- Regional Competitiveness and Employment – (East Wales)
- Territorial Co-operation, including the Ireland-Wales Cross-border programme

The Welsh European Funding Office (WEFO) is part of the Welsh Government and manages the delivery of the Convergence and Competitiveness programmes in Wales.¹ They are focused on creating sustainable jobs and growth in line with European Union's Lisbon and Gothenburg agendas, and the policies and strategies of the Welsh Government.

The Convergence programmes for West Wales and the Valleys comprise funding from two separate European Structural Funds: the European Regional Development Fund (ERDF - £1 billion) and the European Social Fund (ESF - £690 million). The ERDF funds are intended to progress the region's transformation into a sustainable and competitive economy by investing in the knowledge economy and helping new and existing businesses to grow. It also focuses on regenerating Wales' most deprived communities, tackling climate change and improving transport. The ESF funds are to be used to tackle economic inactivity, increase skills and employment. It is expected that, together with match funding, Convergence will drive a total investment of £3.5 billion in West Wales and the Valleys. Convergence funding accounts for over 90 per cent of the total value of the structural funds managed by the Welsh Government during the current programme period.

¹ The Territorial Co-operation programmes are not managed by the Welsh Government.

The Regional Competitiveness and Employment programmes also comprise funding from the ERDF (£60 million) and the ESF (£50 million). Competitiveness ERDF is intended to be used to help Wales' economic, social and environmental transformation, by helping new and existing businesses to grow and move up the value chain, and increase the 'value added' per job. It will also focus on regenerating Wales' most deprived communities and tackling climate change. Competitiveness ESF is to be used to tackle economic inactivity, increase skills and employment. It is expected that, together with match funding, the total investment of the Competitiveness programme will be around £280 million.

As at 31 August 2011 a total of 233 projects have been approved, representing a total investment of over £3.1bn (EU funds £1.55bn - 82% of total EU funds) across Wales. The following table shows the value of programme investment as at 31 August 2011.²

	(£m)		
	Total	ERDF programmes	ESF programmes
EU Funds to Wales	1,906	1,136	770
Total allocation (inc. match funding)	3,256	2,007	1,249
EU funds committed to EU projects	1,550	848	701
Total committed (inc. match funding)	3,130	1,798	1,331
EU funds expenditure claimed by EU projects and paid by WEFO	469	256	214
Total expenditure by EU projects	990	572	418

The current round of European programmes (2007-2013) is scheduled to close to applicants on 31 December 2013, although expenditure will continue into 2015. According to WEFO there is a greater strategic approach to the delivery of the funds for this programming round, with fewer, more strategic projects delivering on the priorities of the Operational Programmes, as compared to the programmes in the 2000-2006 round.

As an example of the greater strategic approach to delivery, a brief analysis of beneficiaries shows that public sector led projects account for around 93 per cent of the total funding approved to date.

² The programmes' budgets are given in Euros. The pound sterling figures are based on estimates and will vary with changes in the exchange rate during the lifetime of the programmes. Figures are rounded to the nearest million and are based on achieved data submitted by project sponsors.

The Welsh Government is the lead sponsor of 91 projects, with EU funding totaling £691 million. This represents almost 40 per cent of projects and almost 45 per cent of EU funding approved to date. If the JEREMIE scheme (£60m EU funding), managed by Finance Wales, and the JESSICA scheme (£25m EU funding), managed by the Regeneration Investment Fund for Wales LLP, are included within the Welsh Government's list of projects the associated funding represents 50 per cent of the total EU funding approved to date in Wales.

Details of the beneficiaries supported to date are available on the [WEFO website](#). However some of the key output achievements as at 31 August 2011, are shown in the table below:

Output achievement	ERDF programmes	ESF programmes
Participants assisted	n/a	229,948
Participants entering employment	n/a	28,470
Participants gaining qualifications	n/a	67,846
Enterprises assisted	5,704	n/a
Enterprises created	1,762	n/a
Jobs (gross) created	8,022	n/a

Annex 2

Welsh Assembly Government (including WEFO)
South West Regional Development Agency
DG Employment, Social Affairs and Equal Opportunities
DG Regional Policy
Bridges into Work
Building the Future Together
Valleys Kids
CollegesWales
Officials from the Welsh European Funding Office and the
Chair of the Programme Monitoring Committee
The Princes Trust
Wales Council for Voluntary Action
Bevan Foundation
Cymru Yfory
Centre for Migration Policy Research
Economic and Social Research Council
Joseph Rowntree Foundation
UK Law and HIV/AIDS Project
High Performance Computing Wales
Engineering Education Scheme Wales
Jobcentre Plus
Finance Wales
Big Lottery Fund
Fairbridge De Cymru
Cynon Valley Crime Prevention
Hyfforddiant Parys Training
All Wales Ethnic Minority Association
Careers Wales Association
New Sandfields Aberavon
Computeraid Limited
Cyrenians Cymru
National Offenders Management Services
Wales Co operative Centre
Bridge Marine Science Group
BTCV Cymru
Remploy Limited
Regeneration Investment Fund for Wales LLP
Cymdeithas Tai Eryri
Skillset Cymru
Forestry Commission Wales
Menter Mon
Chwarae Teg
UK Steel Enterprise Limited
Parc Busnes Treorci
Sustrans
Higher Education Funding Council for Wales
Tidal Energy Limited

Countryside Council for Wales
Skills for Justice
Ymddiriedolaeth Nant Gwrtheyrn
Waste and Resources Action Programme
Furnace Farm Limited
Constructing Excellence in Wales
National Trust
Coalfields Regeneration Trust
Wales Co-operative Centre
Network Rail
Pakistan Association of Newport & Gwent Welsh Asian Council

Local Authorities

Blaenau Gwent County Borough Council
Bridgend County Borough Council
Caerphilly County Borough Council
Cardiff County Council
Carmarthenshire County Borough Council
Ceredigion County Council
City and County of Swansea
Conwy County Borough Council
Denbighshire County Borough Council
Flintshire County Borough Council
Gwynedd Council
Isle of Anglesey County Council
Merthyr Tydfil County Borough Council
Monmouthshire County Borough Council
Neath Port Talbot County Council
Newport City Council
Pembrokeshire County Council
Powys County Council
Rhondda Cynon Taff County Borough Council
Torfaen County Borough Council
Vale of Glamorgan Council
Wrexham County Borough Council

Further Education Colleges

Barry College
Bridgend College
Coleg Ceredigion
Coleg Glan Hafren
Coleg Gwent
Coleg Harlech
Coleg Llandrillo Cymru
Coleg Menai
Coleg Morgannwg
Coleg Powys
Coleg Sir Gâr

Deeside College
Gower College Swansea
Llysfas College
Merthyr Tydfil College
Neath Port Talbot College
Pembrokeshire College
St David's Catholic College
Yale College Wrexham
Ystrad Mynach College

Official Agencies

Care Council for Wales
Children's Commissioner for Wales
Older People's Commissioner for Wales
Equality and Human Rights Commission
Health and Safety Executive
Wales Audit Office
Welsh Language Board
Welsh Local Government Association

Universities

University of Wales
Aberystwyth University
Swansea University
University of Glamorgan
Bangor University
Cardiff Business School

Other

CBI Wales/Cymru
Alliance of Sector Skills Councils Wales
Wales TUC
Federation of Small Businesses
Venture Wales
NESTA