

**WALES PROGRAMME MONITORING COMMITTEE**  
**EUROPEAN STRUCTURAL AND INVESTMENT FUNDS 2014-2020**

**Date:** 14 December 2015

**Time:** 9.30am

**Venue:** Welsh Government Offices, Merthyr Tydfil

**AGENDA**

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|--|------------|
| 1. Welcome and apologies                                     | 9:30-9:35  |
| 2. Introductions   | 9:35-9:45  |
| 3. Minutes of September meeting, actions and matters arising | 9:45-9:50  |
| 4. DVD clip: Progress of 2014–2020 programmes                | 9:50-10:05 |

Update on ESI Funds Progress, including portfolio development	10:05-10:25
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To include:

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|--|-------------|
| (a) Welsh Government Rural Communities: Rural Development<br>Programme 2014-2020 | 10:25-10:40 |
| (b) ERDF Programmes  | 10:40-11:00 |
| (c) ESF Programmes   | 11:00-11:20 |

*Break \*\*11:20am – 11:30am\*\**

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|--|-------------|
| 5. ESI Funds and the Future Generation Act Goals   | 11:30-11:55 |
| 6. ESI Funds Communications  | 11:55-12:20 |
| 7. ERDF Business Survey: Presentation of Key Findings and<br>Recommendations                           | 12:20-12:50 |
| 8. PMC Sub-Group: Update on Implementation of Recommendations<br>of Measuring Success 2014-2020 Report | 12:50-13:10 |
| 9. AOB   | 13:10-13:15 |

*\*\*Lunch 1:15pm – 2:00pm\*\**

**PWYLLGOR MONITRO RHAGLENNI CYMRU**  
**CRONFEYDD STRWYTHUROL A BUDDSODDI EWROPEAIDD**  
**2014-2020**

**Dyddiad:** 14 Rhagfyr 2015

**Amser:** 9.30am

**Lleoliad:** Swyddfa Llywodraeth Cymru, Merthyr Tudful

**AGENDA**

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|----|---|---------------|
| 1. | Croeso ac ymddiheuriadau  | 9:30 – 9:35   |
| 2  | Cyflwyniadau  | 9:35 – 9:45   |
| 3. | Cofnodion cyfarfod mis Medi, camau gweithredu a materion eraill sy'n codi                                       | 9:45 – 9:50   |
| 4. | Clip DVD: Cynnydd Rhaglenni 2014-2020   | 9:50 – 10:05  |
|    | Y diweddaraf ar Gynnydd Rhaglenni'r Cronfeydd Strwythurol, yn cynnwys datblygiad portffolio                     | 10:05 – 10:25 |
|    | <u>I gynnwys:</u>   |               |
|    | (a) Cymunedau Gwledig Llywodraeth Cymru - Rhaglen Datblygu Gwledig 2014-2020                                    | 10:25 – 10:40 |
|    | (b) Rhaglenni ERDF  | 10:40 – 11:00 |
|    | (c) Rhaglenni ESF   | 11:00 – 11:20 |
|    | <i>**Toriad 11.20 – 11.30**</i>   |               |
| 5. | Cronfeydd ESI a nodau Deddf Cenedlaethau'r Dyfodol  | 11:30 – 11:55 |
| 6. | Cyfathrebiadau Cronfeydd ESI  | 11:55 – 12:20 |
| 7. | Arolwg Busnes ERDF: Cyflwyniad ar y canfyddiadau allweddol a'r argymhellion                                     | 12:20 – 12:50 |
| 8. | Is-grŵp Pwyllgor Monitro Rhaglenni: Y diweddaraf ar Weithredu argymhellion Adroddiad Mesur Llwyddiant 2014-2020 | 12:50 – 13:10 |
| 9. | Unrhyw fater arall  | 13:10 – 13:15 |

*\*\*Cinio 1:15pm – 2:00pm\*\**

**EUROPEAN STRUCTURAL AND INVESTMENT FUNDS 2014-2020  
WALES PROGRAMME MONITORING COMMITTEE (WPMC)**

**Friday 11 September 2015  
Welsh Government, Merthyr Tydfil  
09:30 – 13:00**

**MEETING NOTES**

**ITEM 1: Welcome and apologies**

- The Chair welcomed all present including three European Commission officials to the eighth meeting of the Wales 2014-2020 PMC.
- The Chair hoped changes to the room layout will help to ensure that everyone can hear and see the information provided and that meetings run smoothly to time. Any suggestions for further improvements from PMC members would be gratefully received.
- The Chair reported back on her meeting with the Minister for Finance following the PMC of 05 June 2015. The Minister was pleased with the PMC's endorsement of expenditure outside Wales to test the Marine Energy Device to be developed in North Wales.
- The Minister endorses the importance of evaluation and how success is measured. She suggested that a document be produced summarising the key findings from evaluations of the 2007-2013 Programmes for use by the PMC and in the proposed Evaluation Conference next year.
- Both the Minister and Chair recognise the importance of the Cross Cutting Themes in the new Programmes.

**ITEM 2: Minutes of the meeting held on 05 June 2015, actions and other matters arising**

- Attendees and apologies are listed at WPMC(15)M08 - Annex A.
- Matters arising
  - Item 3, last bullet point* - A member asked for clarification regarding "budget allocation" - does this refer to national funding?
  - Item 5, point 20* - A factual correction – "approved" amended to "issue an opinion".

- With these amendments, members unanimously agreed the minutes of the previous meeting held on 5 June 2015 as a true and correct record of proceedings.

### **ITEM 3: European Structural & Investment Funds: Cross Cutting Themes 2014 – 2020**

- Chriss O'Connell presented paper **WPMC(15)50**, which provided an overview of the requirements for implementing Cross Cutting Themes (CCTs) into the 2014-2020 Structural Funds Programmes and how the progress to date can be built on.
- There are three CCTs for this programming period, these are:
  - Equal Opportunities and Gender Mainstreaming, including support for Welsh Language speakers;
  - Sustainable Development; and
  - Tackling Poverty and Social Exclusion, which is a priority area for Welsh Government.
- An evaluation of the integration of the CCTs in the 2007-2013 Structural Funds Programmes has been carried out by Cognition Associates. A presentation of the evaluation's main findings and recommendations was delivered to the 2007-2013 PMC on 16 January 2015. This report made three main recommendations:
  - Development and Support: develop a more systematic approach to development, support and delivery of CCTs within the context of the wider Structural Funds system.
  - Management and Communication: clarify project support roles within WEFO and commit to developing a culture of communication and cooperation between WEFO and projects. Communicate a corporate vision for CCTs to help 'make Wales a better place', and contribute to delivery of Welsh policy.
  - Monitoring and Evaluation: revise monitoring and evaluation arrangements to capture CCTs more effectively.
- In line with this report, Welsh Government is taking the following actions:
  - A series of workshops have been delivered to disseminate the key findings of the evaluation to internal and external stakeholders.
  - The CCTs team is allocating a key person who will provide advice to each individual project.
  - New guidance has been prepared with best practice case studies highlighting how the CCTs can be built in to project design and delivery
  - A mechanism to support a peer network across Wales is being explored. .
  - Project level CCT indicators have been developed, providing a framework to demonstrate the wider activity associated with the CCTs. These are presented at Annex 2 of paper WPMC(15) 50

- The CCTs should be seen as integral to the project and such delivering well on the CCTs means delivering well on the project as a whole Progress on taking forward recommendations will be reported to the PMC going forward.
- The Chair asked members to consider how often a paper on CCTs should be presented to the PMC, and in what format? An open discussion followed and the following points were raised by members:
  - Third Sector organisations have expertise in areas of the CCTs which could be used to advise other organisations without this knowledge. How should we use this expertise within Wales to take the evaluation recommendations forward?
  - Organisations often do not realise that they are integrating the CCTs in their day to day activities. This needs to be showcased and recognised.
  - Given the complexities of the CCTs there is a need to report on each theme individually.
  - A key area of interest for the PMC will be how confident the Welsh Government is that the CCTs are being integrated by projects?
  - The PMC will require the facts and formal indicators that capture the extent to which the CCTs are being driven forward. Do the indicators demonstrate that the CCTs are moving in the right direction? Case studies would be helpful.
  - The CCT indicators should be included in the reports, which highlight key issues that the PMC needs to be aware of.
  - A report on each CCT should be produced annually for the PMC.
  - There is a need to describe matters in qualitative terms, as indicators alone do not tell the full story. Case studies are interesting, but inferences cannot be drawn from these, as the issues have to be examined in their totality.
- Damien O'Brien (DOB) suggested that each theme should be addressed individually in annual reports. A summary report could also be provided separately on an annual basis, looking at how well delivery is performing across all themes at the fourth meeting. This was agreed by PMC members.

***Action Point: PMC secretariat to include papers on each Cross Cutting Theme in turn as agenda items at future PMC meetings, with a summary report presented separately at each fourth PMC meeting.***

#### **ITEM 4: Update on Structural Funds Programme Progress, including portfolio development**

##### **Overview of progress**

- DOB presented an update on the Structural Funds Programme. A copy of the presentation is to be circulated to members.
- With recent project approvals, WEFO has committed £310million of EU Funds, 16% of the total money available to 32 different projects. This breaks down as:

- £84m - West Wales and the Valleys ERDF Programme;
  - £22m – East Wales ERDF Programme;
  - £169m – West Wales and the Valleys ESF Programme; and
  - £35m – East Wales ESF Programme.
- An example of a recently approved ERDF project under the Research and Innovation programme area was highlighted: the Cardiff University Brain Research and Imaging Centre (CUBRIC) II. This project has been allocated £4.6million of EU Funds. The Wales Co-operative Centre's Social Enterprise Support project has recently been approved with £6.3million of ERDF funds, under the SME Competitiveness programme area.
  - The Torfaen County Borough Council's Bridges into Work 2 project has recently been approved, with £5.5million of ESF Funds under the Poverty Programme area. This project will support out-of-work people in Blaenau Gwent, Bridgend, Caerphilly, Merthyr Tydfil and Torfaen. The three-year project will provide intensive training and one-to-one mentoring to improve the skills and employability of over 2,000 people who are long-term unemployed or economically inactive.
  - A range of projects are in the pipeline across the four Funds:
    - £342m for West Wales and the Valleys ERDF Programme;
    - £65m for East Wales ERDF Programme;
    - £243m for West Wales and the Valleys ESF Programme; and
    - £38m for East Wales ESF Programme.
  - The priorities for the period ahead included the following:
    - Finalising the Management and Control System with the EC, so that WEFO receives official designations to act as the Managing Authority for the 2014-2020 Structural Funds Programmes;
    - Continuing with the closure of the 2007-2013 Structural Funds Programmes;
    - The Enterprise and Business Committee will meet on 23 September 2015, with the EU Funding Ambassadors presenting evidence;
    - Launch of European Territorial Co-operation Action Plan in Brussels on 2 October 2015;
    - The IQ-NET Conference will return to Wales at the end of 2015. Fourteen Member States will meet to discuss simplification;
    - The annual Structural Funds Event will be held at the Swansea Liberty Stadium on 3 December 2015. The winners of the EU Funds Publicity Awards 2015 will be announced at the event. These awards were launched on 11 September 2015, with a closing date of 23 October 2015.
    - The three categories for the awards are:
      - Best use of online and/or digital media to promote an EU project
      - Best photograph of an EU project; and
      - Best event to publicise an EU project.

- The winners of a further award aimed at schools will also be announced on 3 December 2015.
- The *Europe in My Region* photographic competition has received 55 entries from 33 countries, including seven from Wales.

### **Discussion Points:**

- Where does the 16% allocation of Structural Funds to date sit within targets for the allocation of funds at this stage in the Programmes?
- Are there targets for spend by sector, and is it possible to get an understanding of spend at a geographical level? This will be useful, particularly when the impact starts to be felt for job creation.
- Is it possible to benchmark Programme spend by sector with the 2007-2013 Structural Funds Programmes? Would this benchmarking also be possible with the allocation of funds?
- A PMC member was of the view that if Programme money goes to Welsh Government sponsored projects then this provides less incentive to get the funds through to the private sector. Similarly, HE can feel less innovative and not work so closely with industry to get match funding. The evidence points to a mixed picture.
- There are concerns from the private sector over how the City Regions are working to add value in the allocation of EU Funds at a regional level.
- The private sector historically has a low level of engagement in the Programmes, how do we overcome any barriers to this?
- A PMC member indicated that Regional Partnerships have expressed concerns similar to those of the City Regions over regional allocations of funds.
- A PMC member welcomed analysis by geographical area and added that figures for disaggregated total spend would be helpful, along with a breakdown of procurement activity.

### **Welsh Government Officials' Responses:**

- DoB advised that there are no targets for the allocation of Programme funding, although the planned approach has been to allocate a third of Programme funds by the end of this financial year. The 16% allocated to date indicates that WEFO is on track to achieve this.
- The UK Government Spending Review will have implications for the availability of Programme co-financing. Some project sponsors are awaiting the UK Government's announcement, which is expected to be made over the next few weeks.
- It is possible to carry out a geographical analysis with spatial projects, although some projects operate on a Pan-Wales basis and some are at a regional level. Some analysis has been undertaken by local authority.
- There are no targets for spend by sector, although this is monitored. The private sector is levered in through procurement of project deliverers and co-financing.

There are some private sector-led projects, particularly in the energy area of the Programmes, which WEFO is keen to encourage. Private sector involvement in the skills Programme area is also being encouraged, to help ensure that the offer is demand-led.

- It is possible to present a graphic of the build-up of Programme spend. Although half of the Programme funds so far have gone to Welsh Government sponsored projects, this money will go out externally through the procurement of project deliverers. Higher Education is the next biggest beneficiary of Structural Funds, followed by Local Government. Skills projects are appearing to skew the picture at this stage, but in the future WEFO will be looking more at bringing Financial Instruments into use to make the funds work harder through loans, rather than grants.
- The Managing Authority is under obligation to ensure fair and open access to the funds. All projects go through the same assessment criteria during the approval process.
- It is a mixed picture whether channelling funding through the public sector reduces funds for the private sector. There are examples where the private sector has sponsored energy projects, but we also need to be realistic as the funds are complex and the Regulations do not allow for sponsors to make a profit. The private sector tends to get involved through procurement to deliver services, and tendering process allows for profit to be built into bids. Although we are unlikely to have many projects led by the private sector, it is important that there are some in place.
- Engagement with the City Regions is taking place. The Minister for Finance and Government Business recently met the North Wales Ambition Board. The Regional Engagement Teams are now building up capacity. All project proposals will now go to the Regional Engagement Teams for a regional view. It is important that the City Regions engage with the Regional Engagement Teams.

## **ERDF Programmes**

- Sue Price (SP) gave an update on ERDF programmes, paper WPMC(15)55B and Priority Axes diagrams, paper WPMC(15)55B1.
- The new ERDF Programmes are a break with 'business as usual'. The Programmes are focused and concentrated around challenging targets. ERDF staff have pushed the boundaries for organisations that are hoping to sponsor projects similar to those in the old Programmes.
- The Regional Engagement Teams will be the key tool in ensuring that the backbone projects deliver against regional needs. All backbone projects are having discussions with regional stakeholders to ensure regional complementarity. Similarly, procured project deliverers, once appointed, will have these conversations with regional stakeholders about delivery. These conversations are a substantial shift.



- The Priority Axis diagrams demonstrate portfolio development at project level. An example of the new approach to the ERDF Programmes was given, involving a supported energy business that wanted to move to Wales. Wide ranging discussions took place to provide a package of support – use of ICT, A55 – road improvements to aid business growth etc. Business support can be accessed by companies locating to Wales – training, finance and engagement with HE sector. WG will also discuss land sites suitable for business premises. The ambition for Priority 3 is for good quality jobs to come to Wales and to be retained.

#### **Members' comments:**

- Regional discussions were welcomed, preferably prior to approval of backbone projects. Regional allocations of funds would also be welcomed.
- A PMC member was keen to hear about the challenges for the housing stock of Wales now that Green Challenge funding has been withdrawn.
- What intelligence is there about the development of Business Wales 'family'? It's important to have suitably qualified and – experienced deliverers in place.
- The use of loans through Financial Instruments, rather than grants, is a cultural change for businesses. It's important to ensure that SMEs understand these changes.
- Technical Assistance – who is likely to deliver this under priority 5?
- A PMC member advised that the Jeremie project is close to full investment under the 2007-2013 Programmes. A final evaluation of this project will shortly be commissioned. That project is close to full investment provides a positive sign that businesses are moving towards loans.

#### **Welsh Government Officials Responses:**

- Priority 2 is taking a new approach, which needs to be tried and tested. There are break clauses in contracts if delivery is not successful – this has not been used in the past. There is a drive for quality, rather than quantity. Crucial to this is the appointment of project staff who have an understanding of the needs of each sector.
- SP advised that the 2007-2013 Programmes funded the Arbed project which delivered energy efficiency measures for eligible households. This project is currently being evaluated and this will provide a series of recommendations for the delivery of a new project: Warm Homes. There is a need to concentrate delivery on those in fuel poverty and some benchmarking is currently taking place with Local Authorities so that the impact of activity can be measured. It is likely this project will be funded with Structural Funds and Welsh Government money. The size of this project is yet to be determined.
- DoB clarified that the Managing Authority uses Technical Assistance to fund the following activities: advice in innovation, communications, monitoring and evaluation and the PMC. It is also being used to fund the Regional Engagement Teams, and to partly fund the audit authority for the Programmes.

## **ESF Programmes**

- David Willis (DW) provided an update on ESF programmes, paper WPMC(15)55A.
- The new ESF Programmes are more focused and strategic. The ESF team have had conversations with potential project sponsors about what ESF can and cannot be used for in this Programme round. Backbone projects are expected to deliver the majority of Commission targets. The skills projects are wholly procured, with the Welsh Government leveraging in match funding. There will be projects that are focused on regional needs, and this is the focus now of the project pipeline. There is a strong pipeline of ESF projects and this helps to maximise opportunities for collaborative working.
- There is a focus on upskilling, rather than just delivering skills. The private sector is being encouraged to co-invest in skills to ensure that a demand-led approach for employers is delivered. Project Business Plans are required to place an emphasis on putting people into the jobs that are available in local economies and delivering the skills that are needed by sectors. These will need to be monitored during the implementation of the Programmes.

### **Discussion Points:**

- A PMC member confirmed that the new ESF Programmes have led to differences for the DfES portfolio. Integration is taking place with regional projects, as they are approved. Co-investment has been a lever for private sector involvement and this is working well at a regional level.
- A PMC member commented that in their view, investments in skills are driven by anxieties about the labour market in Wales. There is a need to look at the bigger picture. Employers are interested in certified skills, but it appears that West Wales has slipped behind with these, when compared with South East Wales and England.
- What conversations have taken place in Priority 3 with DWP? Also, what conversations have taken place with Jobs Growth Wales about the challenges of administering work-based learning, as businesses have raised concerns about bottlenecks in applications? To establish the extent to which skills investments are demand-led, it would be useful to have an understanding of the extent to which co-investment in skills is taking place in Priority 3.
- The Chair pointed out that Priority 1 includes work on ensuring that good quality childcare is available to help parents access work. In areas of deprivation, quality childcare places are needed. What work is underway to involve the private and third sectors in this area of the Programmes?
- A PMC member advised that the PACE ESF-funded project will provide childcare places, and will identify gaps in childcare to provide opportunities to train individuals seeking to work in that sector. WG's Skills, Higher Education and Lifelong Learning (SHELL) department are currently in discussions with DWP to ensure complementarity with the Work Programme. There is a significant demand for Jobs

Growth Wales involving managing agents. More monitoring of skills investment is needed to inform the co-investment framework.

### **Welsh Government Officials' Responses:**

- The ESF team are in constant dialogue with DWP around eligibility rules. DWP has been involved with the Communities 4 Work project. There has been a strong dialogue and monitoring will take place to ensure that double-counting of beneficiaries does not take place.
- There is a difference between need and demand, and a fine balancing act is needed. Employers are encouraged to understand that they can use the tools at their disposal, such as Intermediate Labour Markets and Regional Learning Partnerships. It is recognised that sometimes there is a disconnect. Employers are not always in demand for certified qualifications, but there is a need for employees who are better qualified in terms of how they carry out their roles.
- For Priority 2, the amount of levered in private sector co-financing should be monitored as part of projects' delivery profiles. It should be possible to report against these figures for the PMC.
- Childcare barriers are addressed on the fourth paragraph on page four of paper WPMC(15)55A - specific objective 4.

### **ITEM 5: Update on Rural Development Programme Progress, including Scheme Selection Criteria, paper WPMC(15)56, Annex 1 & Annex 2**

- David McNeill presented an update on the progress of the Rural Development Programme (RDP). A copy of the presentation will be circulated to members.
- Members were informed at the June PMC meeting that the 2014-2020 RDP was formally approved on 26 May 2015. The Minister for Natural Resources has changed the name of this Programme to "Welsh Government Rural Communities Rural Development Programme 2014-2020". This indicates the intention to deliver for rural communities more broadly, as well as for businesses and the environment.
- In the earlier training session held for the PMC members on the new RDP, four 'activity blocks' were discussed, and progress has been made on these. The procurement for the deliverers of the knowledge transfer and innovation measures has been largely completed. There are four lots and the deliverers for three of these lots have been appointed, with one lot being re-tendered. It's anticipated that delivery of this Programme area will commence from October onwards. It is broader in scope than the predecessor contract, and has enhanced focus on quality of outcomes.
- It is hoped that some of the interventions will involve industry groups working on solving industry problems. The following Eols are currently open:
  - Investment Measures:

- Sustainable Production Grant with a budget allocation of £2million, 42 applications are anticipated
- Food Business Investment has an £8million budget and 40 applications are expected.
- LEADER:
  - 18 Local Action Groups (LAGs) have been approved, each with their own Local Development Strategy.
  - LAGs develop their own pipelines.
- The Rural Communities Development Fund is open for EOIs, with an allocation of £6million, 100 applications are expected.
- The Land-based Measures will operate under the Glastir umbrella, which will include schemes for organic farming, Glastir Advanced, and Woodland Creation and Restoration, which have already opened.
- Further EOI windows will open for these activities in the future. The Welsh Government has been developing guidance notes and application forms for each scheme. The priority is to confirm the future EOI windows, although the concerns raised by Structural Funds colleagues about the implications of the UK Government Spending Review on financing activities are shared. An amendment to the RDP would be required if the budget settlement reduces Programme funding.
- A formal Programme launch event is being planned for February next year, and PMC members will be invited to attend. Although a lot of work is taking place on the new Programme, efforts are also underway to close the 2007-2013 RDP.

### **Discussion Points:**

- The Chair pointed out that there is a list of selection criteria at Annex 1 of paper WPMC(15)56, which will be discussed further in the afternoon's training session on the new RDP.
- A PMC member asked how complex are the EOI forms for applicants to complete?
- What would be the potential implications for the UK Government Spending Review for the new RDP, given that there is currently a funding allocation of £900million?
- The application process needs to be proportionate to the support offered to beneficiaries. For the Sustainable Production Grant Scheme the recent introduction of emission reduction in the scoring criteria has led to confusion for some applicants. Scheme guidance and scheme literature that provides information would be welcomed.
- RDP reports akin to the ESF and ERDF reports are needed for future PMC meetings so that we can see how the Programme is progressing. In particular, the spend profile and information on when the spend is expected to occur would be useful.

- It would also be useful to have information on how the new RDP is different from the old RDP. With the scope for backbone projects, it would be helpful if the PMC could be updated about these.
- If an amendment to the Budget settlement is required, would a modification to the Programme be submitted quickly, given that only three modifications are permitted for the duration of the new Programme?
- The Chair commented that rural businesses are affected by the lack of markets for milk and lamb. It would be useful to hear about how RDP-funded backbone projects will help to support sustainability and profitability for rural businesses.
- There is a need for user friendly scheme guidance and literature, given that there are no helplines available to deal with queries from potential beneficiaries.
- The NFU has already responded regarding the scheme Selection Criteria and would prefer to comment on the final document.
- A European Commission official reminded to the PMC that in line with Article 74(1) of Regulation (EU) 1305/2013, the PMC shall issue an opinion within four months of the decision approving the RDP, which for Wales falls on 25 September 2015. He further stated that this is an on-going process and the once selection criteria are revised / updated, the PMC will need to be consulted again.
- Is it sufficient for individual members to provide a response or does the PMC respond collectively?

### **Welsh Government Officials' Responses:**

- David McNeill advised that the intention has been for the EoI forms to be kept relatively simple, focusing on a small number of questions. The quality of evidence is what officials will be looking at when progressing applications. The full application stage, for those that are successful at EoI stage, is expected to be more onerous. At this stage, applicants will receive Welsh Government support with their applications.
- It is possible that Whitehall may opt for 10-15% progressive cuts to the budget.
- The intention is to produce more guidance.
- There has been a difference of approach in this Programme. There is a substantial difference in scale of spend on agri-environment which has been cut from 80% to 60%, leaving more funding for other measures.
- The approach taken during this Programme to community-led local development is different, with Axis 3 of the old RDP not existing in the same form for the new Programme. The village development Measures exist in a different form, as the Welsh Government will set the priorities for spend and local organisations will approach for complementary activity, so that a less 'scattergun' approach is taken.
- Sustainable Production Grant which provides on-farm investments is new for this Programme.
- The knowledge transfer measures are broader in the new RDP. All grants are linked to knowledge transfer, for example; the Welsh Government will require to see beneficiaries' development plans.

- The regulations for the new RDP allow backbone projects to be more freely planned for. The Welsh Government wants to promote rural businesses working together better, but this approach can take longer to develop and this is why the co-operation measure is being promoted at this early stage.
- PMC members were asked to send their comments on the EAFRD Selection Criteria to the secretariat within a week.
- David McNeill advised that the Commission's role is to advise on the EAFRD Selection Criteria, and the PMC's role is to issue an opinion on the criteria. David McNeill will respond to the PMC comments and this will be circulated to PMC members.

***Action Point: PMC members to send comments on the EAFRD Selection Criteria to the PMC secretariat within 5 working days of this meeting.***

#### **ITEM 6: Agreement Required: Structural Funds Monitoring & Evaluation Strategy 2014-2020**

- Kathryn Helliwell presented paper WPMC(15)58 which accompanies the Monitoring and Evaluation Strategy for the 2014-2020 Structural Funds for the PMC's approval. The paper has been updated following receipt of members' comments since the June meeting and members were asked to approve this paper.
- A comment received about acknowledging the role of Regional Engagement Teams in monitoring and evaluation in the strategy has been taken on board. More regional analysis of data will be undertaken. This analysis has taken place for the number of jobs created by the Programmes, and there is also the potential to carry out a spatial analysis of the ESF Leavers Survey and ERDF Business Survey datasets.
- The requirements of the Measuring Success sub-group's paper have also been reflected in the strategy, although it should be noted that some of the recommendations are for the broader Welsh Government and these have not been incorporated into the strategy. In terms of the Measuring Success sub-group's recommendations on a business database, the monitoring and evaluation strategy is going some way to achieve this. The Enterprise and Beneficiaries databases are the start of this process. These are a Commission requirement and it is necessary that the importance of complying with Commission reporting requirements is recognised.

#### **Discussion Points:**

- A PMC member questioned whether a sample of beneficiary businesses should be audited to ensure that the information they provide to WEFO is accurate?
- A PMC member urged that there is a need to be clear over who's responsible for collecting monitoring data and to ensure that they have the right resources in place to collect robust data.

- Clarification was requested by a European Commission official on the inclusion of RDP Axis 3 & 4 groups under the audiences category on page 15 of the strategy, given that there will be no such structure in the new RDP.

#### **Welsh Government Officials' responses:**

- KH advised that the Management and Verifications team in WEFO has a role in auditing the evidence underpinning the data reported by projects to WEFO.
- The databases are not the only means of monitoring, as surveys of individuals and businesses are also carried out to capture their experiences of the support received and their outcomes. Other datasets are also used for analysis, such as the ONS for business turnover – the presentation of the ERDF Business Survey findings at the December PMC meeting will provide further information. There are plans to link ESF datasets with DWP data on benefits and employment
- It is important to acknowledge the importance of being upfront with project sponsors about what information they need to collect. Any plans to collect additional data will be firmed up quickly and communicated to sponsors. The fields in the enterprise database are finalised, but it is possible that these may be enhanced as a result of the Measuring Success sub-group's recommendations. However, it is important to achieve a balance between the reporting needs of the PMC and not overburdening businesses with the data collection requirements.
- As part of the project approval and mobilisation stage, the RME team advises sponsors on the resources needed to set up monitoring databases and to plan for evaluation.
- The Chair asked WPMC members if they were happy to approve the **Structural Funds Monitoring & Evaluation Strategy 2014-2020**. Members approved the strategy subject to minor revisions.

***Action Point: Kathryn Helliwell to update paper WPMC(15)58 and the PMC secretariat to circulate a copy of the final version to members.***

#### **ITEM 7: PMC Sub-group: Measuring Success 2014-2020 Final Report**

- Iestyn Davies (ID) presented the PMC Sub-group: Measuring Success 2014-2020 Final Report, paper WPMC(15)57.
- The paper set out recommendations for capturing the outcomes and impact of the Programmes, taking into account business, social and environmental perspectives. The Group's intention was not to undermine the Programme-level reports that are provided to the PMC and to the Commission, but to look at the wider quality of projects and their achievements, given that it is not 'business as usual' in the new programme period..
- The Measuring Success Sub-group identified three levels of analysis / reporting in the paper:
  - Level 1: Programme level reporting to the PMC and EU Commission (as currently takes place);

- Level 2: programme level reporting that reflects impact against regional and thematic priorities; and
- Level 3: enhanced project level reporting by individual project sponsors.

### **Discussion Points:**

- A PMC member endorsed the work: more data on the 'bigger picture' and the longer-term outcomes being seen as key to determining whether the new programmes are achieving enhanced impact through the concentration and integration of investments around strategic investment opportunities.
- The sub-group's emphasis on productivity and competitiveness was particularly welcomed. It was however acknowledged that demonstrating productivity and competitiveness improvements directly attributable to ESI interventions, particularly at the level of the individual firm, can be problematic. The provision of the data, needed to be able to appraise ESI investment outcomes properly, rests with those delivering operations, who should be required to provide the best quality data possible and to establish baselines for individual firms that allow progress to be identified.
- A European Commission official noted that the results-focus of the Programmes was reflected in the results indicators and targets which is the focus of level one, and questioned the added value of levels two and three.
- A PMC member advised that the Head of Business Wales is aware of the seven recommendations made by the Measuring Success Sub-group and is content to meet officials to discuss these.
- The Chair thanked the sub-group for their report and asked the PMC to endorse the seven recommendations made by the Measuring Success Sub-group.
- The PMC agreed to endorse the progress made to date and asked for officials to present a report, to the next PMC meeting, outlining how the Sub Group's recommendations can be taken forward.

### **Welsh Government Officials' responses:**

- Rob Halford advised that the Economic Prioritisation Framework has helped in focusing investment discussions around key economic opportunities and that the recommendations contained within the Guilford Review, around the need for improved regional and thematic reporting were very much in line with the Sub Group's recommendations. This was particularly so in relation to the Group's concerns around the need to improve Level 2 analysis and reporting. Level 3 analysis is about capturing the added value of Programme investments over time, especially in relation to business support interventions, and it is at this level that productivity improvements need to be captured. For that to happen, project sponsors engaged in delivering business support initiatives will need to establish business performance baselines and improvement metrics with each individual business with which they engage.



- DoB advised that if the PMC is supportive of the direction of travel indicated in the Measuring Success Sub-group's report, WEFO will do its best to deliver on the Group's recommendations.

***Action Point: A follow up report, setting out how the Group's recommendations can be taken forward, is to be presented to the PMC at the December meeting.***

#### **ITEM 8: Any other business**

- Wales Rural Network Steering Group: Draft Person Specification [PAPER TO NOTE] WPMC(15)59. The Chair asked members to submit any comments to Steve Jackson, Head of Wales Rural Network by 25 September 2015.
- Provisional Dates for 2016 PMC meetings [PAPER TO NOTE] WPMC(15)60. The Chair asked members to note that the meeting scheduled for 12 February 2016 may be changed to coincide with the launch of the RDP.
- LEADER elections – one representative will be elected by the LEADER Local Action Groups for the next PMC meeting in December.
- *Location of meetings.* The Chair announced that the question has been raised whether we rotate the venue of PMC meetings and asked members to indicate under what circumstances they would be prepared to attend meetings at other locations, possibly linking to another event.
- One member raised the issue of costs involved. Another member stated that as this is a pan Wales committee it would be difficult to argue against rotating the venue and he did not see the need for meetings to be attached to an event.
- Members were reminded that comments on the EAFRD Selection Criteria should be sent to the secretariat by **close of play Friday 18 September**. WG officials will consider all comments and will circulate a response to the PMC before the deadline of 25 September which is the regulatory deadline of four months as stipulated in Article 74(1) of regulation (EU) 1305/2013 for the PMC to issue an opinion on the EAFRD Selection Criteria.
- A European Commission official reminded to the PMC that in line with Article 13 of Regulation (EU) No 808/2014, the MA should submit an Information and Publicity Strategy to the PMC for information no later than six months after the adoption of the RDP, which for Wales falls on 25 November 2015.
- The Chair reminded members that they need to complete a Register of Interest form.
- The Chair thanked Iestyn Davies for his contributions on behalf of Commerce Cymru to the PMC and wished him well in his new role.

The meeting closed at 1pm.

## Wales PMC European Structural and Investment Funds 2014 - 2020

11 September 2015

Welsh Government Office, Merthyr Tydfil

**ATTENDEES****Chair** – Jenny Rathbone AM***Members nominated on a representative basis, from partners and statutory bodies:***

Iestyn Davies	Business and Enterprise (Commerce Cymru)
Phil Fiander	Third sector (WCVA)
Karen Anthony	Rural Economy (CLA – Country Land & Business Association)
Rhian Jardine	Environmental Sustainability (Natural Resources Wales)
Rachel Lewis-Davies	Farming and Rural businesses (NFU)
Dr David Blaney	HEFCW (Higher Education Funding Council for Wales)
Lowri Gwilym	Local Government (WLGA)
Cllr Ronnie Hughes	Local Government (WLGA)
Cath Jenkins	Welsh Government (Education & Skills)
Tracy Welland	Welsh Government (Economy, Science and Transport)

***Members selected via the Public appointments process:***

Beth Winkley
David (Dai) Davies
Professor Richard B Davies
Joy Kent
Siân Price

***Advisors:***

Marek Beran	European Commission, Directorate-General for Agriculture and Rural Development
Kristina Kusmanova	European Commission, UK Desk Officer responsible for the 2014-2020 Programmes, DG Regio
Joanna Grochowska	European Commission, Desk Officer for West Wales and the Valleys, DG Employ.

***Programme Managing Authorities:******Welsh European Funding Office / Department for Natural Resources***

Damien O'Brien	Chief Executive, WEFO (ERDF, ESF)
Chriss O'Connell	Head of Cross-Cutting Themes, WEFO, Welsh Government
Rob Halford	Head of Planning & Strategy (ERDF, ESF)
Dean Langley	Head of Regulations and Compliance, WEFO, Welsh Government
David McNeil	Welsh Government
Kathryn Helliwell	Welsh Government
Peter Ryland	Deputy Director, Programme Performance & Finance (ERDF, ESF)
Howard Davies	Welsh Government

Victoria Seddon	Secretariat
Linda Pugh	Secretariat

### ***Observers***

Barbara Burchell	Local Government
Jon Cryer	RSPB
Emma Amesbury	WEFO
Emma Butcher	WEFO
Emma Towers-Steohens	WEFO
Huw Wilkinson	WEFO

### ***Interpreter***

Rhys George	Cofus
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### **APOLOGIES**

Professor April McMahon	Higher Education (Aberystwyth University)
Arfon Williams	Environmental NGOs (Wales Environment Link/RSPB)
Derek Walker	Social Economy (Wales Cooperative Centre)
Dr Grahame Guilford	Public Appointee
Dr Greg Walker	Further Education (Colleges Wales)
Jocelyn Llewellyn	UK Government (Jobcentre Plus)
Julie Cook	Wales TUC Cymru
Matthew Quinn	Welsh Government (Natural Resources)
Peter Crews	Wales TUC Cymru
Tom Whyatt	Business and Enterprise (Industry Wales)
Renate Schopf	DG Employ
David Hughes	European Commission
Andrew Slade	Director, Agriculture, Food & Marine (RDP)
Terri Thomas	Head of CAP Planning Division, Welsh Government
Jane McMillan	Head of ESF Programmes, WEFO

## European Structural and Investment Funds 2014 - 2020

11 September 2015

Welsh Government Office, Merthyr Tydfil

## ACTION POINTS

	Meeting Date	Action Requested	Latest Situation
1.	11 September 2015	PMC secretariat to include one Cross Cutting Theme as an agenda item at three PMC meetings with a summary report presented at the fourth PMC meeting.	The first Cross Cutting Theme report will be included as an agenda item for the February PMC meeting.
2.	11 September 2015	PMC members to send comments on the EAFRD Selection Criteria to the PMC secretariat within 5 working days of this meeting.	Completed.
3.	11 September 2015	Kathryn Helliwell to update paper WPMC(15)58 and the PMC secretariat to circulate a copy of the final version to members.	The final version of the Structural Funds M&E strategy was circulated to committee members on 30 November 2015. The updates made to the final version are: <ul style="list-style-type: none"> <li>• In the first paragraph of the communications section making the two aims equivalent in importance (the strategy previously referred to 'primary' and 'secondary' aims).</li> <li>• The reference in the Comms section to 'RDP Axes 3 and 4 Groups' has been amended to 'LEADER LAGs'.</li> </ul>
4.	11 September 2015	A report detailing how the recommendations of the Measuring Success Sub-group report can be taken forward to be presented to the PMC at the December meeting.	Included as an agenda item for the December PMC meeting.

### Ongoing Action Points from previous meetings

	Meeting Date	Action Requested	Latest Situation
1.	05 June 2015	WPMC Secretariat to amend paper WPMC(15)54 in light of advice from European Commission officials and circulate the revised paper to WPMC members.	Ongoing.
2.	05 June 2015	Welsh Government Officials to draft simplified RDP scheme guidance notes.	Ongoing – Welsh Government officials are drafting guidance notes for RDP Measures as they are activated.
5.	23 February 2015	Update on the latest Business Survey results to be provided to WPMC at June 2015 meeting	The findings will be presented at the December meeting
6.	23 February 2015	An update from the North Wales Economic Ambition Board to be presented to the WPMC on a regular basis, at least annually. – This can roll forward to another meeting as it's a yearly update	Ongoing. WEFO officials are currently considering arrangements for how the regional partnerships could feed into the PMC

**WPMC Secretariat**

**December 2015**

**WALES PROGRAMME MONITORING  
COMMITTEE**

**EUROPEAN STRUCTURAL AND  
INVESTMENT FUNDS 2014 – 2020**

**ERDF PROGRAMMES**

**Monitoring Report**

**December 2015**

## Section 1: ERDF Programmes: Commitment

This section gives details of current financial progress under the ERDF Programmes, including an overview of the Programmes and information at Priority-level.

Table 1 shows the number and amount of EU Grant committed to approved Operations under the West Wales and the Valleys and East Wales ERDF Programmes, along with the potential EU Grant committed if Operations at Business Planning and Pre Planning stages are taken forward.

**Table 1: EU Grant Commitment: Approved, Business Planning and Pre Planning stages**

£ Millions							
Programme / Priority Axis	Operations			EU Grant Commitment			
	Approved	Business Planning	Pre Planning	Allocation <sup>1</sup>	Approved	Business Planning	Pre Planning
West Wales and the Valleys ERDF							
Priority 1	7	9	3	239.5	96.8	100.7	-
Priority 2	4	3	1	166.4	48.6	67.5	-
Priority 3	2	3	5	136.7	12.6	30.2	-
Priority 4	0	6	5	401.0	-	111.8	194.7
Priority 5	1	6	1	19.3	0.8	4.8	-
Total	14	27	15	962.8	158.8	315.0	194.7
East Wales ERDF							
Priority 1	5	3	4	71.3	37.9	8.1	13.0
Priority 2	4	3	0	31.9	15.4	11.0	-
Priority 3	0	1	1	17.9	-	5.1	-
Priority 4	0	2	1	38.3	-	3.6	28.8
Priority 5	1	5	1	3.3	0.1	2.6	-
Total	10	14	7	162.6	53.4	30.4	41.8
Total ERDF Programmes	24	41	22	1,125.5	212.2	345.4	236.5

Source: WEFO, 24/11/2015

<sup>1</sup> EU Grant Allocation based on conversion rate of £1:€1.25

## Overall Programme Update

The two ERDF Programmes continue to make good progress with 24 operations approved committing £213m grant being 19% of the programme values an increase of just under £49 million grant since the PMC last met. As expected parts of the ERDF programmes are more advanced than others in terms of approvals and operations in the business planning phase but this is typical of how the ERDF develops over time. Interest right across the programme areas continues to be strong and in certain areas interest may well out strip the available resources which will result in some worthy operations not receiving EU support as the funds target those operations that will achieve strongly against the programme targets.

To date no payments have been made to those operations that have been approved. but claims are being prepared. Output data following thereafter as operations complete their mobilisation phase and move into delivery.

## **Section 2: Progress by Priority Axis**

Please see Portfolio Diagrams for each of the ERDF Priorities at the end of the Update Report.

### **Priority 1: Research and Innovation**

**WWV Approvals: Total ERDF approved as of November 2015 - £97million**

**Approvals since the PMC last met:**

- SER Cymru II (Total Operation Cost £20.56 million; ERDF Grant £14.67 million)
- M-Sparc (Total Operation Cost £21.29 million; ERDF Grant £10.22 million)
- BEACON+ (Total Operation Cost £12.04 million; ERDF Grant £7.90 million)

**EW Approvals: Total ERDF approved as of November: 2015 - £37.91million**

**Approvals since the PMC last met:**

- SER Cymru II (total operation cost £18.47 million; ERDF Grant £8.00 million)

The R&I portfolio for both programme areas is built around the two specific objectives of building research capacity and commercialisation of research and the targeting of that activity in the four 'Grand Challenge' areas. In other words 'Smart Specialisation'. This will promote the two-way knowledge exchange between research organisations and industry that will deliver the economic benefit in the right areas for Wales.

Progress has been good with many key elements of the portfolio now in place. This includes the 'gateway' to the portfolio through Smart Innovation which is now supported by the innovation vouchers and grants for product development available from the recently approved Smart Cymru operations. The 'gateway' ensures that businesses receive or are directed to the right support for their level of innovation, including Horizon 2020, support from our Universities and advice on the cross cutting themes.



Collaboration is a key mechanism for driving high quality research and innovation and the recent approval of the Smart Expertise operations ensures that Wales has a strategic mechanism for driving this behaviour. Building on previous activity it now has a very strong focus on industry led collaboration; funding still goes to the HE and FE sector but with an innovative private sector match funding mechanism to ensure the industrial relevance and impact of the activity.

Members are aware of the existing investments in the centres of excellence Aberystwyth Innovation campus and CUBRIC 2 and further such investments are likely in the coming months. Added to this physical capacity is the strategic placement of researcher capacity now available through the recently announced Ser Cymru 2 operations. Ser Cymru 2 is very closely integrated with the Horizon 2020 funded COFUND fellowship scheme led by the Welsh Government in partnership with Welsh Universities. Together they provide a strategic mechanism for embedding excellent scientists in areas of smart specialisation and often alongside other investments. It is also an excellent example of synergies in action which is already attracting attention from the European Commission.

Overall there is a good spread of investments or potential investments across the portfolio. The 'Low carbon, energy and environment' area is particularly well developed – the recent approval of M-Sparc will ensure businesses in the low carbon sector are appropriately supported to take every opportunity that is available to them to grow and sustain the sector. Also in this Grand Challenge area is the recently approved BEACON+ operation which builds on the excellence achieved in the previous round of funding to now take this onto a more direct impact through collaboration with industry. The progress in this Grand Challenge area reflects how we are building on previous investments in this area, albeit in a much more targeted way. The 'Advanced engineering and materials' area is also well developed with potential investments building on the Swansea Bay second campus but also with the potential investment in the AEMRI 'non-destructive testing' centre of excellence in Port Talbot from the private sector.

There are two potential emerging 'gaps' in the portfolio at this stage: in commercialisation of life science and health research and the commercialisation of ICT and digital economy research. There are a number of discussions under way about innovation in the life sciences/healthcare sector and a strategic operation may well emerge from that. There are no large scale proposals in ICT commercialisation, CEMET being a potential niche proposal, but as the Welsh Government's Innovation Point, which is not funded by the structural funds, will be active in that area there are no immediate portfolio concerns. Also of course it is

not about filling the gaps it is about choosing the best investments that add value to what else is going on in the market place.

We have already highlighted examples of integrating ESIF and Horizon 2020. There are also examples in the pipeline of complementary investments through ERDF and ESF in advanced engineering and some potential leads on integrating ERDF and Rural/Fish investments.

## **Priority 2: SME Competitiveness**

**WWV Approvals: Total ERDF approved as of November 2015 - £48 million**

**Approvals since the PMC last met:**

- Superfast Broadband Business Exploitation West Wales and Valleys (total operation cost £8.9 million ERDF Grant £5.4 million)

**EW Approvals: Total ERDF approved as of November 2015 - £15 million**

**Approval since the PMC last met:**

- Superfast Broadband Business Exploitation East Wales (total operation cost £3.6 million ERDF Grant £1.6 million)

Two operations have been approved since the PMC met last, the Superfast Broadband Exploitation operations in West and East Wales.

Under both the West Wales and the Valleys and East Wales programmes the portfolio continues to develop around the promotion of entrepreneurship and business start-up and help to SMEs to improve their competitiveness through growing the size of the business to increase productivity. The recent approval of the Broadband Exploitation operations adds another member to the Business Wales family.

Contractors have been appointed after an OJEU procurement exercise to deliver the Pan-Wales Business Wales operations (Entrepreneurship Support – and SME Support) as well as the Broadband exploitation operations. The Contract has been awarded to a consortia led by Business in Focus, Antur Teifi, Peninsula and Prospects. All operations will be in delivery mode from January 2016.

Reflecting the emphasis in the 2014-2020 programmes on repayable finance particularly via Financial Instruments, the Wales Business Fund is being developed on a similar scale and as a successor fund to JEREMIE. Debt, mezzanine and equity products will be made available through the new Fund. Evidence from the ex-ante assessment and other sources indicate there is a particular market failure in risk capital for business expansion and seed, early stage and follow on investments in innovative firms and for R&D related

activity. Debt remains important and debt products supporting growth will be available from the Fund as it remains unclear to what level the major lenders are returning to the market. Also there are complementary non-ERDF funds that will address some areas of market failure around debt, for example the Welsh Government's Wales Micro-Business Loan Fund.

The design of the Wales Business Fund represents a step change from the 2007-2013 JEREMIE. Whereas those funds were matched at Fund level with a £75 million loan from the European Investment Bank (EIB), the Wales Business Fund will secure significant match at deal level by working alongside private sector investors to generate co-investment. This changes the strategic investment positioning of the Fund, placing it firmly in the role of facilitator, as it will focus on addressing investments gaps through sharing risk with the private sector, enabling the private sector investments to be made that would otherwise founder. This model also minimises the risk of displacing private sector investment but will encourage the private sector to make investments that they might not have felt able to do if the Wales Business Fund support was not there. This investment model also has the advantage of no loan having to be re-paid which means investment returns will be more immediately available for reinvestment in SMEs and contribute to generating legacy more quickly.

It is anticipated a summary of the Ex-ante will be presented to the PMC at its meeting in March 2016.

Overall the portfolio continues to mature and as expected is predominately being delivered via 'backbone' operations and the key Financial Instrument to support SMEs. However, niche proposal around a Social Enterprise repayable assistance scheme (now in the business planning phase) and a viability gap grant scheme for SMEs both of which are intended to align with repayable finance and the Business Wales family are being developed.

### **Priority 3: Renewable Energy and Energy Efficiency**

#### **WWV Approvals: Total ERDF approved as of November 2015 - £12 million**

During the 2014-2020 programming period both ERDF programmes have a dedicated Priority for Renewable Energy and Energy Efficiency. Wales has significant advantages in terms of its natural resources, existing expertise etc. but the focus on the programmes will be to ensure that within Wales there is a balanced mix of renewable energy initiatives coupled with activities to support behavioural change.

Whilst no new approvals have been made since the PMC last met progress continues to be made particularly with the private sector wishing to come to

Wales and develop their technologies in the Marine energy sector. The development of operations in the energy sector does take time but time spent in the development phase is important to ensure the ERDF helps support those operations that will make the best use of Wales' significant natural resources and assets to help develop the cluster and supply chain opportunities particularly around the manufacturing, operation, maintenance and thereby job creation opportunities for the long term sustainability of the sector.

The key priority for marine renewables in the programme is the delivery of the 2 demonstration zones, as they will facilitate the influx of developers into Wales. It should be noted that this is a complex process and carries with it a number of risks. The 4 main requirements to deliver these are:

- The Crown Estate lease – in place and for 45 years,
- Marine Operation Licence – a long way to go on agreeing the breadth of flexibility that Natural Resources Wales can allow;
- Connection to grid – whilst a solution for North Wales looks likely, there remains a question of grid capacity in South Wales. Both sites still have prolonged discussion and negotiation before they can be sure of grid connectivity; and
- Match funding – neither Third Party Manager has sufficient funds to provide the match funding for the ERDF commitment. WEFO and Welsh Government are working with the Third Party Managers to explore various models that will allow eligible match funding to be declared.

A newly formed Working Group that comprises Third Party Managers, Welsh Government, WEFO and Marine Energy Pembrokeshire is now meeting on a monthly basis and we are all working together to resolve the risks and issues around the demonstration zones.

The small-scale community energy element of this priority continues to develop. Welsh Government continues to design an appropriate support programme to provide the knowledge and expertise for community groups to be able to consider this fully. There are also a number of operation proposals emerging that will apply directly for ERDF to demonstrate that 'islanding' is the way forward for community energy; a system that captures energy from a number of renewable sources, stores what is not immediately needed, feeds directly into the properties within the community (including street lighting) and does not ever feed up to grid.

At this stage of the programme and the development of the portfolio there are no obvious 'gaps'. Discussions with Welsh Government around energy efficiency of the existing housing stock in areas of fuel poverty continue to

take place alongside discussions with the Welsh Government and the private sector to increase the number of small scale renewable energy schemes.

#### **Priority 4: Connectivity and Urban Development**

##### **No operations to-date have been approved for either of the two ERDF Programmes**

Investment in connectivity and enabling infrastructure are the two most important levers to achieve transformational change. Investment to improve connectivity is a pre-requisite for the long-term success of all the other ERDF Priorities (and all other ESI funds). Employment, productivity, business creation and economic growth are all key elements being targeted by different parts of the ESI programmes. Activity seeking support under this priority must be able to evidence how investment underpins other ESI investments so that benefits are retained within the programme area. A well functioning transport system, investing in ICT infrastructure enables physical infrastructure to take place that drives regeneration and employment growth, in particular, the creation of local jobs for local people.

The WWV programme has been designed to keep these activities together to ensure that the limited funds contribute to a coherent spatial investment strategy. For EW the focus is on investments in sustainable transport that improves urban and labour mobility and further ICT infrastructure.

Progress in the development of operations is progressing well but with limited funds available the concentration will be on supporting operations that can bring about long-term transformational change. Investing in TEN-T roads will focus on the A40 in West Wales and A55 in North Wales as agreed following the negotiations with the Commission. These proposals are at the pre-planning phase.

Also in the pre-planning phase are proposals to develop intermodal and sustainable transport facilities that improve access to employment and education. These include rail network improvements linked to the Metro transformational scheme across both programmes.

A Welsh Government and WEFO Transport and Urban Development Programme Board has been set up to ensure key 'backbone' infrastructure investments are not developed in isolation of one another. The Board last met on 9<sup>th</sup> November to review progress in the development of proposals with a particular emphasis on Metro Phase 1 and Metro Phase 2. Overall positive progress is being made.

**Phase 1** comprises NSIP+ (Phase 2) which is currently in the business

planning phase and Frequency Enhancements on the Ebbw Vale Line which is in the pre-planning phase.

**Phase 2** will comprise capital investment in the Metro as part of the wider electrification agenda for SE Wales. The Welsh Government Transport Department continues to make steady progress in evaluating Metro Phase 2 options which will require ERDF support. Metro Phase 2 will be a major project, as defined in the EU Structural Fund Regulations, and will need to be approved by the European Commission. The Commission has introduced a new approach to the assessment process of major projects which will involve the engagement of JASPERS experts (**J**oint **A**ssistance to **S**upport **P**rojects in **E**uropean **R**egions). Member States are encouraged to engage with the JASPERS as early as possible in the development of major projects and to that end a meeting between WEFO, Welsh Government Transport and JASPERS' experts is being arranged for early 2016.

Next Generation Broadband proposals for Ultrafast and Superfast infrastructure are in WEFO's business planning phase. If approved, these will build on the significant investments made in NGBW in 2007-2013 with the aim of achieving 96% coverage by mid 2017.

For WWV the programme will also support a limited number of regionally prioritised strategic sites that will offer attractive premises for businesses as well as a limited number of tourism and town centre regeneration developments. However, all such operations must be able to demonstrate the potential to create local new jobs for local people. As such three Welsh Government led 'backbone' operations are now in business planning (Building for the Future, Attractor Destinations and Strategic Sites and Premises). All have been through a process of regional engagement and prioritisation.

A process to identify gaps in provision around the delivery of priority targets for urban developments is being taken forward by the Regional Engagement Teams. Following this process it is anticipated that a limited number of additional prioritised regional operations will also seek ERDF support that add value and complement the backbone operations.

#### **Priority 5: Technical Assistance**

**WWV Approvals: Total ERDF approved as of November 2015: £0.844 million**

#### **Approvals since the PMC last met:**

WCVA Third Sector European Team West Wales and the Valleys (Total Operation cost £1.125m, ERDF Grant £0.844m)

**EW Approvals: Total ERDF approved as of November 2015: £0.115 million**

WCVA Third Sector European Team East Wales (Total Operation Cost £0.230m, ERDF Grant 0.115m)

The Third Sector European Team (3-SET) operations will deliver a national, consistent service to provide the third sector with information and advice, training and events, networking opportunities and representation on the European Structural & Investment Funds 2014-2020, drawing links between other EU funding streams such as Erasmus+ and Horizon 2020.

Around a dozen operations are in the Business Planning phase, including Regional Engagement Team bids from all four regions in Wales and EST operations which contain their aid scheme and Intermediary Body revenue costs. Future operations include WEFO TA bids and possibly Welsh Government Regional Engagement bids.

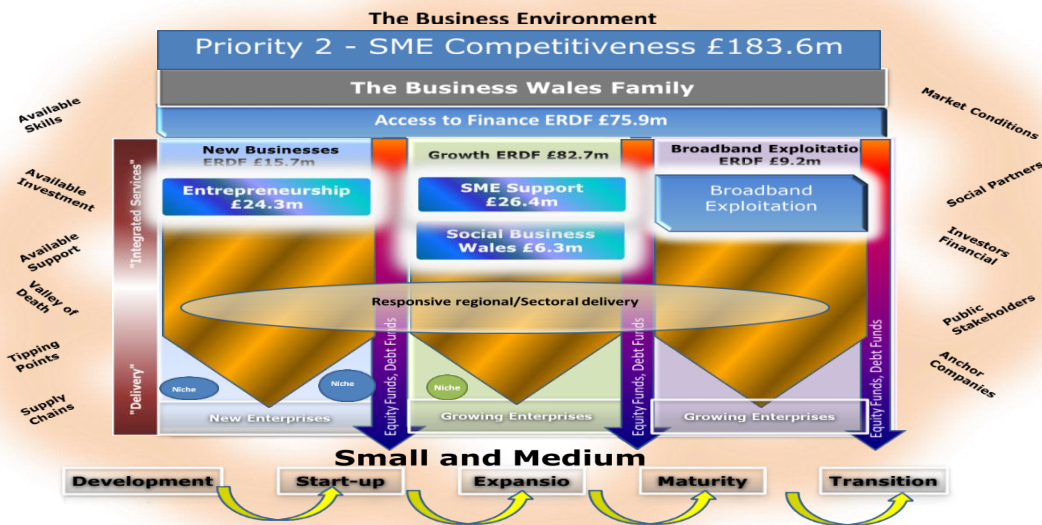
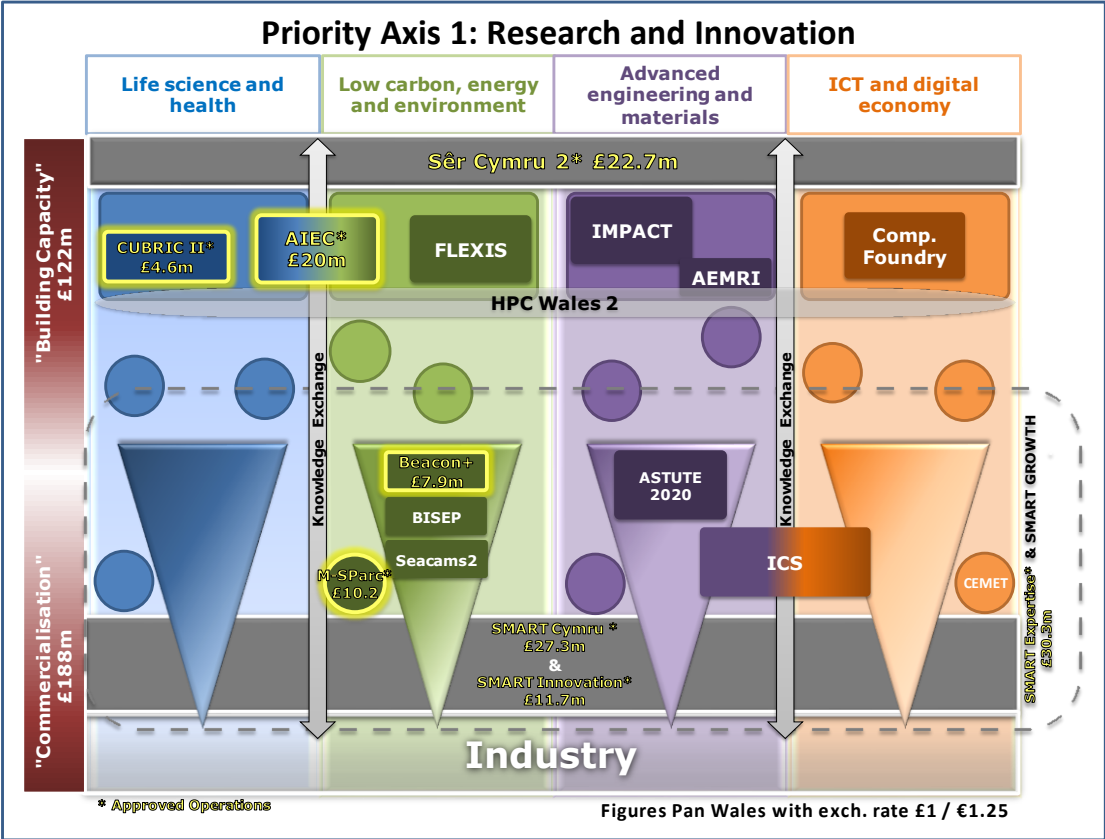
Paper Prepared by: ERDF Priority Controllers

Cleared by: Sue Price

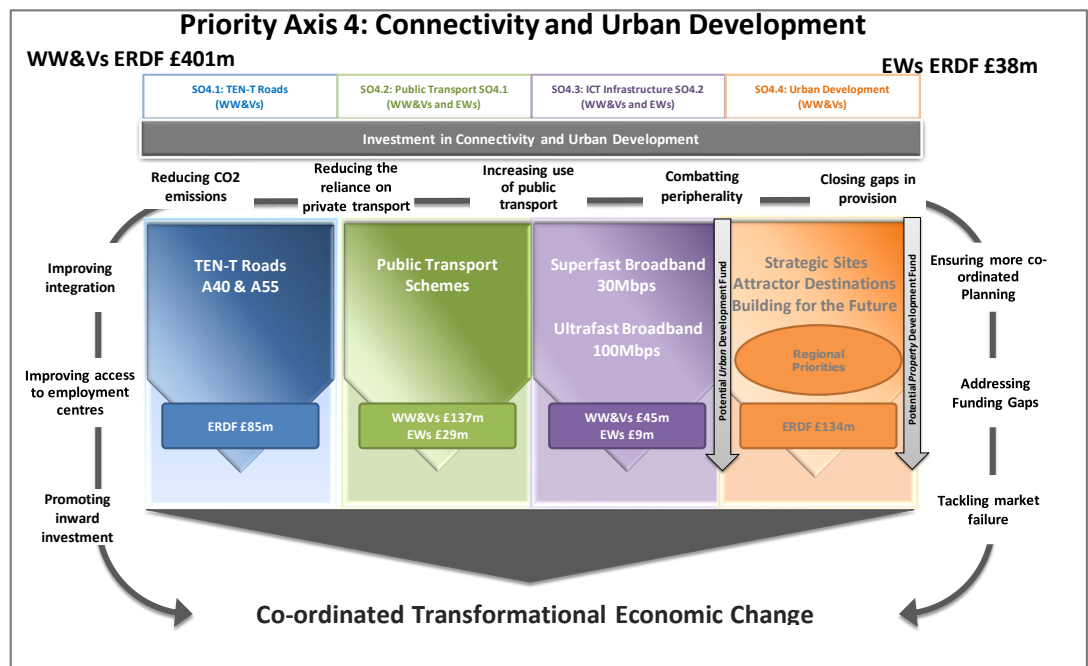
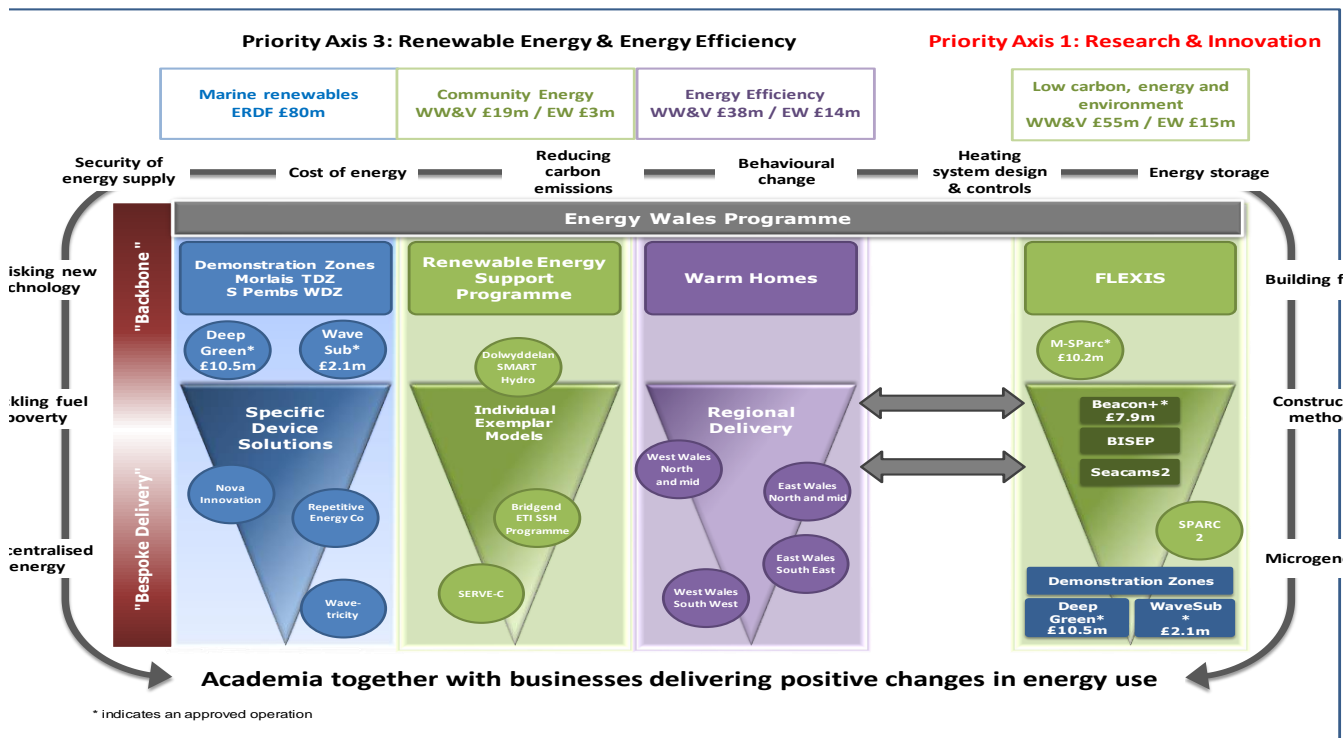
Date: November 2015

**Cleared by:**

**Date:**







**WALES PROGRAMME MONITORING  
COMMITTEE**

**EUROPEAN STRUCTURAL AND  
INVESTMENT FUNDS 2014 – 2020**

**ESF PROGRAMMES**

**Monitoring Report**

**December 2015**

## Section 1: ESF Programmes: Commitment

This section gives details of current financial progress under the ESF Programmes, including an overview of the Programmes and information at Priority-level.

Table 1 shows the number and amount of EU Grant committed to approved Operations under the West Wales and the Valleys and East Wales ESF Programmes, along with the potential EU Grant committed if Operations at Business Planning and Pre Planning stages are taken forward.

**Table 1: EU Grant Commitment: Approved, Business Planning and Pre Planning stages**

£ Millions							
Programme / Priority Axis	Operations			EU Grant Commitment			
	Approved	Business Planning	Pre Planning	Allocation <sup>1</sup>	Approved	Business Planning	Pre Planning
West Wales and the Valleys ESF							
Priority 1	6	6	1	156.8	49.5	22.2	-
Priority 2	4	15	6	276.5	82.8	84.5	-
Priority 3	4	15	3	195.8	45.1	72.6	-
Priority 4	1	6	0	12.8	5.9	1.4	-
Total	15	42	10	641.9	183.3	180.7	-
East Wales ESF							
Priority 1	4	4	0	35.0	10.0	1.0	-
Priority 2	4	8	4	76.4	13.5	12.9	-
Priority 3	3	13	1	48.0	16.3	14.1	-
Priority 4	1	5	0	3.3	1.0	0.6	-
Total	12	30	5	162.6	40.8	28.7	-
Total ESF Programmes	27	72	15	804.5	224.1	209.4	-

Source: WEFO, 05/11/2015

<sup>1</sup> EU Grant Allocation based on conversion rate of £1:€1.25

## Overall Programme Update

The ESF Programmes continue to make good process; as at 05/11/15, 27 operations across both Programmes have been approved (mainly consisting of key backbone operations), with 29% of the financial allocation of the West Wales and the Valleys Programme and 24% of the financial allocation of the East Wales Programme committed. This is well on target to achieve WEFO's objective of committing approximately 33% of the financial allocations for both Programmes by the end of the 2015/16 financial year. Further detail on the development of the portfolios within each of the Priority Axes is given below.

Organisations applying for ESF are responding positively to the simplified cost options available under the 2014-20 programmes. All 27 operations approved so far have taken advantage of one of the available 'flat rate' options (15% rate for indirect costs; 40% rate for all non-direct-staff costs or 25% rate for indirect costs in research and innovation operations).

## **Section 2: Progress by Priority Axis**

### **Priority Axis 1: Tackling Poverty through Sustainable Employment**

As at 05/11/15, 34% of the Priority Axis allocation has been committed in West Wales and the Valleys and 29% in East Wales. All operations are required to identify and address specific barriers to engagement with, and continued participation within, the labour market. The design of individual interventions will be underpinned by Labour Market Intelligence and the intelligence on key employment and economic growth opportunities provided by the EPF and the Regional Learning Partnerships' emerging Employment and Skills Plans.

Implementation of Specific Objective 1 (West Wales and the Valleys only) is focused around the approved pan-programme Welsh Government ReACT backbone operation, supporting individuals impacted by redundancy. An additional skills support operation for short term unemployed individuals with no or low skills is being developed by the Welsh Government for later in 2015 / early 2016. Other support, specifically for short term unemployed individuals with work limiting health conditions or disabilities, is likely to be more appropriately addressed through smaller scale niche activity. WEFO will keep this potential gap in provision under review as the portfolio develops.

Implementation of Specific Objective 2 (WWV) / Specific Objective 1 (EW) is being developed around a mixed portfolio of geographically and cohort-group focused operations, with national, pan-Wales operations such as the approved Welsh Government Communities for Work initiatives and the WCVA-led Active Inclusion operations. These backbone operations are complemented by a number of regional operations, such as the collaborative local authority led Bridges 2 Work operation across the South East of the West Wales and the Valleys area, and operations focused on specific cohort groups, such as the Welsh Government led Parents, Childcare and Employment operation, which is targeting economically inactive parents outside of Communities First areas where childcare is their main barrier to sustainable employment.

Further proposals, including Welsh Government pan-programme operations focused around specific barriers to employability, such as substance misuse and/or mental health issues, and local authority led collaborative regional operations in South West and North Wales, are currently under development. These proposals sit alongside some developing niche operations. These Operations will deliver very targeted support to specific demographic or cohort groups, including proposals to support those facing particular barriers relating to ethnicity or disability or work limiting health conditions.

Early indications show that there may be an emerging gap in East Wales as demonstrated in the lower commitment levels above. This is likely to be driven by the lower potential intervention rates and the significantly higher values available within the portfolio. There is a particular gap emerging in the

South East with only limited interest to date in delivery. This will be proactively addressed by WEFO over the coming months.

The emerging portfolio predicts strong coverage of the required outputs with predicted conversion to the required employment results however; this will need to be monitored as the programme progresses to ensure the focus on specific target groups is maintained.

Specific Objective 3, in West Wales and the Valleys only will primarily be centred on Healthy Working Wales pan-programme backbone proposal by the Welsh Government to support those individuals who are at risk of dropping out of employment due to a work limiting health condition. WEFO is also encouraging proposals for delivering support to those who are 'underemployed' due to a work limiting health condition. No operations have been approved to date.

There is an emerging gap in this Specific Objective in addressing the targeted 'underemployed' cohort. WEFO will be seeking to encourage proposals from those interested in delivering innovative activity in this area over the coming months.

WEFO is working closely with beneficiaries and those developing operations under this Priority Axis to ensure the development of a coherent and integrated portfolio delivering to the targeting principles and results targets set out within the Operational Programme, while avoiding duplication of activity and potential double-counting of participants.

### **Priority Axis 2: Skills for Growth**

As at 05/11/15, 31% of the Priority Axis allocation has been committed in West Wales and the Valleys and 18% in East Wales. Building on the achievements of the 2007-2013 programme, specific focus is being given within the developing portfolio on the delivery of the essential, technical and specialist skills required to build an agile and responsive workforce equipped to fully capitalise upon the opportunities and growth potential offered by a modern, knowledge-based economy. Whilst basic and essential skills constitute a common, and necessary, foundation across the entire workforce, the intelligence on key growth opportunities and emerging and priority sectors provided by the EPF, together with the Regional Learning Partnerships' emerging Employment and Skills Plans and Labour Market Intelligence constitute key tools to guide the targeting and focusing of skills interventions, particularly those delivering skills at an intermediate and higher level.

Under both the West Wales and the Valleys and the East Wales programmes, the portfolios for the first two Specific Objectives (lower level and intermediate/advanced level skills development) are being implemented around the approved backbone Welsh Government Apprenticeship operations. These operations introduce an explicit focus on enabling participants to progress, where relevant, onto higher level apprenticeships, responding to the opportunities emerging with the economy and the needs of business.

Regional provision of essential, technical and job-specific skills, led in most cases by the FE sector, will sit alongside these backbone Apprenticeships operations, complemented by some local authority led proposals to engage with employed individuals outside of their employment context, supporting those unwilling to admit skills deficits to their employers or whose employers fail to engage (for example, the Torfaen CBC led Working Skills for Adults 2 operation, recently approved within the West Wales and the Valleys Programmes). This regional delivery is being complemented by proposed collaborative provision of shorter work-focussed courses at HE level and specialist leadership and management programmes (for example the Leading Business Growth (West Wales) operation led by Swansea University has recently been approved.). Some niche proposals relating to more specific sectors or target groups are also being brought forward, including a graduate training scheme in the financial services sector in East Wales, responding to the opportunities for economic growth and high quality employment opportunities offered by that sector, as articulated within the EPF. All proposals are being challenged to demonstrate alignment with the EPF as appropriate to the operation (for example through targeting recruitment of employers or aligning course offers to EPF areas).

The West Wales and the Valleys programme includes a Specific Objective for research and innovation skills, with specific focus on supporting collaborative research with enterprise focused on the Science for Wales 'Grand Challenge' areas that aligns and adds value to the economic opportunities and existing investment context set out within the EPF. Two operations, one led by Swansea University and the other by Bangor University, are currently in development. These proposals focus respectively on support for Engineering Doctorate and Research Masters in the field of advanced materials and manufacturing and collaborative Research Masters and Doctoral level opportunities focusing on increasing research and innovation within SMEs, including micro companies.

Proposals to improve the position of women in the workforce are funded under Specific Objective 4 (West Wales and the Valleys) 3 (East Wales), with the approved Chwarae Teg led Agile Nation 2 operation delivering skills support and mentoring for women in employment, focusing, in line with the principles of the EPF, on women in growth sectors where they are under-represented in the workforce and in senior management roles, as well as working with employers to promote diversity and tackle gender disadvantage in the workforce.

The highest output targets are in Specific Objective 1 (lower level training). Whilst the Foundation Apprenticeships backbone operation puts us well on track to meet the Performance Framework milestones for 2018, WEFO is working with the emerging FE and local authority led workplace and essential skills operations to ensure delivery of overall targets in this area.

WEFO has convened a number of regional meetings of key stakeholders, such as FE colleges, to facilitate the development of collaborative regional

delivery of essential and intermediate/higher level skills operations. These discussions include work with DfES policy colleagues looking at how the delivery of some national skills priorities can be devolved to regionally-led projects, as an alternative to bringing forward Welsh Government-led operations.

### **Priority Axis 3: Youth Employment and Attainment**

As at 05/11/15, 23% of the Priority Axis allocation has been committed in West Wales and the Valleys and 34% in East Wales. The emerging portfolio focuses on addressing youth unemployment and the issues around NEET. This will be achieved through ensuring that the skills and career aspirations of young people most at need of support are consistent with employer demand, emerging growth opportunities and the long term needs of the economy, utilising Labour Market Intelligence, the Regional Learning Partnerships' emerging Employment and Skills Plans and the EPF as underpinning tools to guide interventions.

Under Specific Objective 1 in both the West Wales and the Valleys and the East Wales Programmes, implementation is underway with the approval of the Welsh Government backbone Jobs Growth Wales and Traineeships operations. Jobs Growth Wales focuses on work ready 16-24 year olds who are unemployed, not on the DWP's Work Programme and have completed all relevant training but failed to secure employment due to a lack work experience. It has a clear focus on supporting its otherwise work-ready participants to enter employment upon leaving. This approach is complemented by the Traineeships operation, which targets 16-18 year olds who have left compulsory education, who are undecided on a post-16 learning opportunity and/or do not have the skills and aptitudes to secure employment. This operation aims to improve the skills levels of its participants, enabling them to enter further training or employment upon leaving. These significant back bone proposals will collectively be key in the delivery of the performance framework targets and the employment outcomes within the Operation Programmes.

Further proposals, including Welsh Government pan-programme operations and local authority led collaborative regional operations, are currently under development. These include proposals to deliver a range of engagement, learning and training activities for 16–24 year olds to reduce youth unemployment and the number of young people who are NEET, as well as interventions designed to increase attainment levels among 16-24 year old NEETs, overcome barriers relating to childcare, increase self esteem, develop employability skills and support participants to move closer to the labour market.

A number of proposals are under development in both Programmes under Specific Objective 2. A significant challenge to all proposals within this Specific Objective will be to articulate a clear and demonstrable focus on those young people aged 11-24 who are most at risk of becoming NEET. The expectation is that this will be achieved through utilising the early identification

and risk tracking principles of the Welsh Government's Youth Engagement and Progression Framework to underpin this approach. Pan-Wales provision is being developed through a portfolio of regionally based operations led by Local Authorities, with the portfolio taking shape around local authority led regional operations targeting young people aged 11-19 who are at highest risk of becoming NEET, with the intention to re-engage them with education and reduce their risk of becoming NEET. This is complemented by smaller scale and niche activity to support those in the FE and HE sector between the ages of 19 and 24 who are at highest risk of becoming NEET. Reflecting the increased emphasis in the 2014-2020 programmes on identifying and addressing the barriers faced by those most at risk of becoming NEET, many of these operations are being designed to proactively identify and target participants who face specific barriers, such as a disability or work limiting health condition, childcare or caring responsibilities, to entering employment or continued engagement.

Specific Objective 3 (West Wales and the Valleys only) aims to increase the take-up of STEM subjects among 11-19 year olds. The emerging portfolio for this Specific Objective is centred on the approved backbone STEM Cymru II operation, which builds on good practice established during the 2007-2013 programme period. This operation targets young people at key decision and transition points during secondary and tertiary education, with attention given to female take-up and, attainment levels in STEM subjects. This approach will be in clear alignment with the economic growth opportunities articulated within the EPF, on engineering and related areas. There is potential within this Specific Objective for additional STEM activity to be developed and WEFO is in discussion with 2 further potential operations in this area..

Specific Objective 4 (also West Wales and the Valleys only) adopts a single focus on upskilling the early years and childcare workforce. WEFO is working with the Welsh Government to develop a single backbone operation to deliver the support to the 3000 participants targeted, with the main focus to be on up-skilling Childcare and Play sector workers to Level 3; with a smaller proportion of childcare workers to be up-skilled to Levels 5 and/or 6. It is anticipated that this operation will be confirmed later this year.

WEFO is working closely with beneficiaries and those developing operations under this Priority Axis alongside those in the poverty priority to ensure the development of a coherent and integrated portfolio and programme of operations, particularly those focusing on employability and employment outcomes. WEFO has held a number of engagement meetings with potential beneficiaries to discuss proposed activity, to encourage collaborative delivery and to identify any emerging gaps or duplication in provision. Further meetings will be held as projects progress to continue the strong collaborative approach developing in this priority.

#### **Priority 4: Technical Assistance (West Wales and East Wales)**

A number of operations are in the Business Planning phase, with several also in pre-planning. No operations have been approved but several are expected to be approved by later summer. Planned investments include operations



covering revenue costs for Intermediate Bodies (IB) aid schemes managed by Welsh Government and the WCVA, and also a suite of four Regional Engagement operations across Wales.

**Cleared by:** Jane McMillan

**Date:** 27 November 2015

<http://gov.wales/docs/ds/jlg/publications/150623-guide-to-the-fg-act-en.pdf>

# Well-being of Future Generations (Wales) Act 2015

The Essentials



Advise, Encourage  
& Promote



Advisory Panel



Annual Report



Auditor General  
for Wales



Carry out Reviews



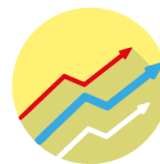
Collaboration



Future Generations  
Commissioner for  
Wales



Future  
Generations  
Report



Future Trends  
Report



Integration



Involvement



Long Term



Make  
Recommendations



National  
indicators &  
Milestones



Prevention



Public  
Services  
Boards



Research



Responding to  
the Future  
Generations  
Commissioner



Sustainable  
Development



Sustainable  
Development  
Principle



Transparency



Well-being Duty



Well-being Goals



Well-being  
Statement

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2nd Edition May 2015

This document is prepared by the Department for Natural Resources of the Welsh Government to assist the reader of the Act and does not form part of the Act nor is statutory guidance in respect of the Act.

This document is issued by the Welsh Government as a helpful communication tool and readers should obtain their own legal advice in respect of the Act and the provisions therein.

# Well being of Future Generations (Wales) Act 2015

## What is it?

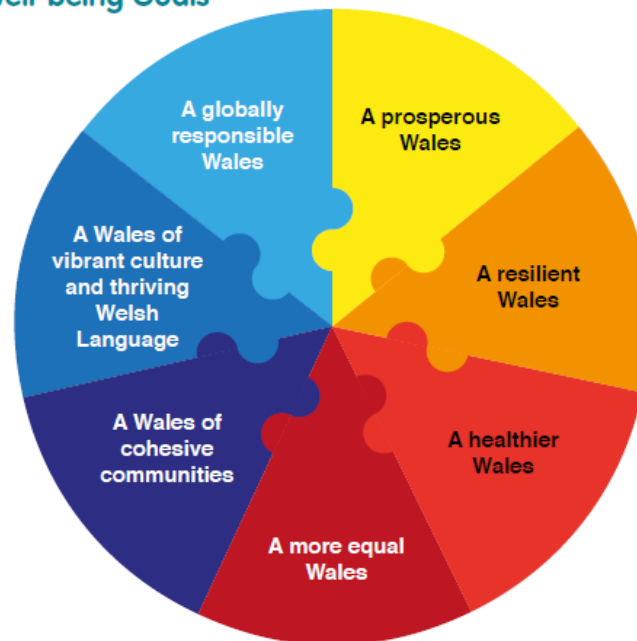
The Well-being of Future Generations (Wales) Act is about improving the social, economic, environmental and cultural well-being of Wales.

It will make the public bodies listed in the Act think more about the long-term, work better with people and communities and each other, look to prevent problems and take a more joined-up approach.

This will help us to create a Wales that we all want to live in, now and in the future.

To make sure we are all working towards the same vision, the Act puts in place seven well-being goals.

## Well-being Goals



## Why do we need this law?

Wales faces a number of challenges now and in the future, such as climate change, poverty, health inequalities and jobs and growth. To tackle these we need to work together. To give current and future generations a good quality of life we need to think about the long term impact of the decisions we make. This law will make sure that our public sector does this.

## Which public bodies does the Act include?

- Welsh Ministers.
- Local Authorities.
- Local Health Boards.
- Public Health Wales NHS Trust.
- Velindre NHS Trust.
- National Park Authorities.
- Fire and Rescue Authorities.
- Natural Resources Wales.
- The Higher Education Funding Council for Wales.
- The Arts Council of Wales.
- Sports Council of Wales.
- National Library of Wales.
- National Museum of Wales.

## How does it work?



### Sustainable Development

Sustainable development is about improving the way that we can achieve our economic, social, environmental and cultural well-being. The Act starts by giving a definition of what we mean by sustainable development.

**In this Act “sustainable development” means the process of improving the economic, social, environmental and cultural well-being of Wales by taking action, in accordance with the sustainable development principle, aimed at achieving the well-being goals.**

*Part 2 ‘improving well-being’ section 2 ‘sustainable development’.*

For Wales to be sustainable it is important that we improve all four aspects of our well-being. Each is as important as the others.



### Well-being Duty

The Act places a duty that the public bodies will be expected to carry out. A duty means they have to do this by law. The well-being duty states:

**Each public body must carry out sustainable development.**

**The action a public body takes in carrying out sustainable development must include:**

- a. setting and publishing objectives (“well-being objectives”) that are designed to maximise its contribution to achieving each of the well-being goals, and**
- b. taking all reasonable steps (in exercising its functions) to meet those objectives.**

*Part 2 ‘Improving Well-being’ section 3 ‘well-being duty on public bodies’ paragraphs (1) and (2).*

This means that each public body listed in the Act must work to improve the economic, social, environmental and cultural well-being of Wales. To do this they must set and publish well-being objectives.

These objectives will show how each public body will work to achieve the vision for Wales set out in the well-being goals. Public bodies must then take action to make sure they meet the objectives they set.



## Well-being Goals

The seven well-being goals ('the goals') show the kind of Wales we want to see. Together they provide a shared vision for the public bodies listed in the Act to work towards.

They are a set of goals; the Act makes it clear the listed public bodies must work to achieve all of the goals, not just one or two.

Goal	Description of the goal
<b>A prosperous Wales</b>	An innovative, productive and low carbon society which recognises the limits of the global environment and therefore uses resources efficiently and proportionately (including acting on climate change); and which develops a skilled and well-educated population in an economy which generates wealth and provides employment opportunities, allowing people to take advantage of the wealth generated through securing decent work.
<b>A resilient Wales</b>	A nation which maintains and enhances a biodiverse natural environment with healthy functioning ecosystems that support social, economic and ecological resilience and the capacity to adapt to change (for example climate change).
<b>A healthier Wales</b>	A society in which people's physical and mental well-being is maximised and in which choices and behaviours that benefit future health are understood.
<b>A more equal Wales</b>	A society that enables people to fulfil their potential no matter what their background or circumstances (including their socio economic background and circumstances).
<b>A Wales of cohesive communities</b>	Attractive, viable, safe and well-connected communities.
<b>A Wales of vibrant culture and thriving Welsh language</b>	A society that promotes and protects culture, heritage and the Welsh language, and which encourages people to participate in the arts, and sports and recreation.
<b>A globally responsible Wales</b>	A nation which, when doing anything to improve the economic, social, environmental and cultural well-being of Wales, takes account of whether doing such a thing may make a positive contribution to global well-being.



## Sustainable Development Principle

The Act puts in place a 'sustainable development principle' which tells organisations how to go about meeting their duty under the Act.



**In this Act, any reference to a public body doing something “in accordance with the sustainable development principle” means that the body must act in a manner which seeks to ensure that the needs of the present are met without compromising the ability of future generations to meet their own needs.**

*Part 2 'Improved well-being, section 5 'the sustainable development principle, paragraph (1)'.*



Public bodies need to make sure that when making their decisions they take into account the impact they could have on people living their lives in Wales in the future.

There are 5 things that public bodies need to think about to show that they have applied the sustainable development principle. Following these ways of working will help us work together better, avoid repeating past mistakes and tackle some of the long-term challenges we are facing.

### Long term



The importance of balancing short-term needs with the need to safeguard the ability to also meet long-term needs.

### Prevention



How acting to prevent problems occurring or getting worse may help public bodies meet their objectives.

### Integration



Considering how the public body's well-being objectives may impact upon each of the well-being goals, on their other objectives, or on the objectives of other public bodies.

### Collaboration



Acting in collaboration with any other person (or different parts of the body itself) that could help the body to meet its well-being objectives.

### Involvement



The importance of involving people with an interest in achieving the well-being goals, and ensuring that those people reflect the diversity of the area which the body serves.





## Transparency

It is important that public bodies apply the sustainable development principle in their work, and that they can show people that they are making progress towards achieving the well-being goals. The Act puts in place a number of steps to make sure that the public bodies listed in the Act are doing this:

### Well-being Statement



Public bodies must publish a statement when setting their well-being objectives explaining why they feel the objective will help them achieve the goals and how it has applied the sustainable development principle. They must also make sure that they involve people interested in achieving the goals and that those people reflect the diversity of their area.

### Annual Reporting



Each year public bodies must publish an annual report showing the progress they have made in meeting their objectives.

### Responding to the Future Generations Commissioner



Where the Future Generations Commissioner for Wales has made recommendations to a public body, they must publish their response. If the public body does not follow a recommendation they must say why, and what alternative action they will take.



## Auditor General for Wales

The Auditor General for Wales may carry out examinations of the public bodies listed in the Act to assess:

**...the extent to which a body has acted in accordance with the sustainable development principle when;**

- a. Setting well-being objectives, and**
- b. Taking steps to meet those objectives**

*Part2 'Improved well-being' section 15 'the sustainable development principle: Auditor General's Examinations paragraph (1).*



## Future Generations Commissioner for Wales

The Future Generations Commissioner for Wales' role is to act as a guardian for the interests of future generations in Wales, and to support the public bodies listed in the Act to work towards achieving the well-being goals.

The Future Generations Commissioner for Wales has a range of actions they can carry out:



### Advise, encourage and promote

The Commissioner can provide advice to public bodies and Public Services Boards and promote and encourage them to work to meet their well-being objectives.



### Research

The Commissioner may carry out research including into the well-being goals, the national indicators and milestones, and the sustainable development principle and how public bodies apply it.



### Carry out reviews

The Commissioner may conduct a review into how public bodies are taking account of the long-term impact of their decisions, and make recommendations based on the findings.



### Make recommendations

The Commissioner can make recommendations to a public body about the steps it has taken or proposes to take to set and then meet its well-being objectives. Public bodies must take all reasonable steps to follow the recommendations made by the Commissioner.



### Future Generations Report

The Commissioner must publish, a year before an Assembly election, a report containing the Commissioner's assessment of the improvements public bodies should make to achieve the well-being goals.



### Advisory Panel

The Commissioner will be supported by an Advisory Panel. The Panel includes the other Wales Commissioners, the Chief Medical Officer for Wales, a representative of Natural Resources Wales, Wales TUC and Welsh business. The Commissioner may invite others to attend and Welsh Ministers can appoint new members.



## National Indicators and Milestones

To help us know whether we are making progress towards achieving the well-being goals, Welsh Ministers ('Ministers') must set national indicators.



**An indicator:**

- a. Must be expressed as a value or characteristic that can be measured quantitatively or qualitatively measured against a particular outcome;**
- b. May be measured over such a period of time as the Welsh Ministers deem appropriate;**
- c. May be measureable in relation to Wales or any part of Wales.**

*Part 2 'improved well-being' section 10 'national indicators and annual well-being report, paragraph (2).*

Ministers must also set milestones to show expectations of what the indicators should show at certain points in the future. The Act enables Ministers to review and amend the national indicators and milestones so that they stay up to date and relevant. At the start of each financial year Ministers must publish an annual progress report setting out the progress made over the last year.



## Future Trends Report

It's important that we understand the challenges that we will be facing, and have a clear picture of where we are heading. To do this, within the twelve months after an Assembly election, Ministers must publish a 'Future Trends Report' containing:



- a. predictions of likely future trends in social, economic, environmental and cultural well-being of Wales; and**
- b. Any related analytical data and information that the Welsh Ministers consider appropriate.**

*Part 2 'Improved well-being' section 11 'Future Trends Report' paragraph (1)*

In preparing the report, Ministers must take account of the United Nations' sustainable development goals and the impact of climate change on Wales.



## Public Services Boards

The Act establishes Public Services Boards (PSBs) for each local authority area in Wales. The Members of each Public Services Board must include:

- a. The local authority;
- b. The Local Health Board for an area any part of which falls within the local authority area;
- c. The Welsh Fire and Rescue Authority for an area any part of which falls within the local authority area;
- d. The Natural Resources body for Wales

*Part 4 'Public Services Boards' section 29 'Public Services Boards', paragraphs (1) and (2).*

In addition to these members, each PSB must also invite the following people to participate on the Board who become 'invited participants' if they accept the invite:

- Welsh Ministers.
- The Chief constable for a police area, any part of which falls within the local authority area.
- The police and crime commissioner for a police area.
- Certain Probation Services.
- at least one body representing relevant voluntary organisations'.

PSBs can also invite other people who carry out public functions.

Each PSB must improve the economic, social, environmental and cultural well-being of its area by working to achieve the well-being goals. It will do this by:

- Assessing the state of economic, social, environmental and cultural well-being in its area; and
- Setting objectives that are designed to maximise the PSBs contribution to the well-being goals.

They must do this in accordance with the sustainable development principle.

Each PSB must prepare and publish a plan setting out its objectives and the steps it will take to meet them. This is called a Local Well-being Plan. It must say:

- Why the PSB feels their objectives will contribute within their local area to achieving the well-being goals, and
- How it has had regard to the Assessment of Local Well-being in setting its objectives and steps to take.

Each PSB will carry out an annual review of their plan showing their progress.

When producing their assessments of local well-being and Local Well-being plan, PSBs must consult widely.

## Find out more

### Website:


Welsh Government  
[www.gov.wales](http://www.gov.wales)

The Wales We Want  
[www.thewaleswewant.co.uk](http://www.thewaleswewant.co.uk)

Sustainable Development Charter  
[www.sd-charter.net](http://www.sd-charter.net)

National Assembly for Wales  
[www.assembly.wales](http://www.assembly.wales)

### Twitter:

 [#FGActWales](#)  
[#thewaleswewant](#) / [#ygymruagarem](#)

### Email:

Sustainable Development Branch, Welsh Government  
[FGActWales@wales.gsi.gov.uk](mailto:FGActWales@wales.gsi.gov.uk)

**OGL**

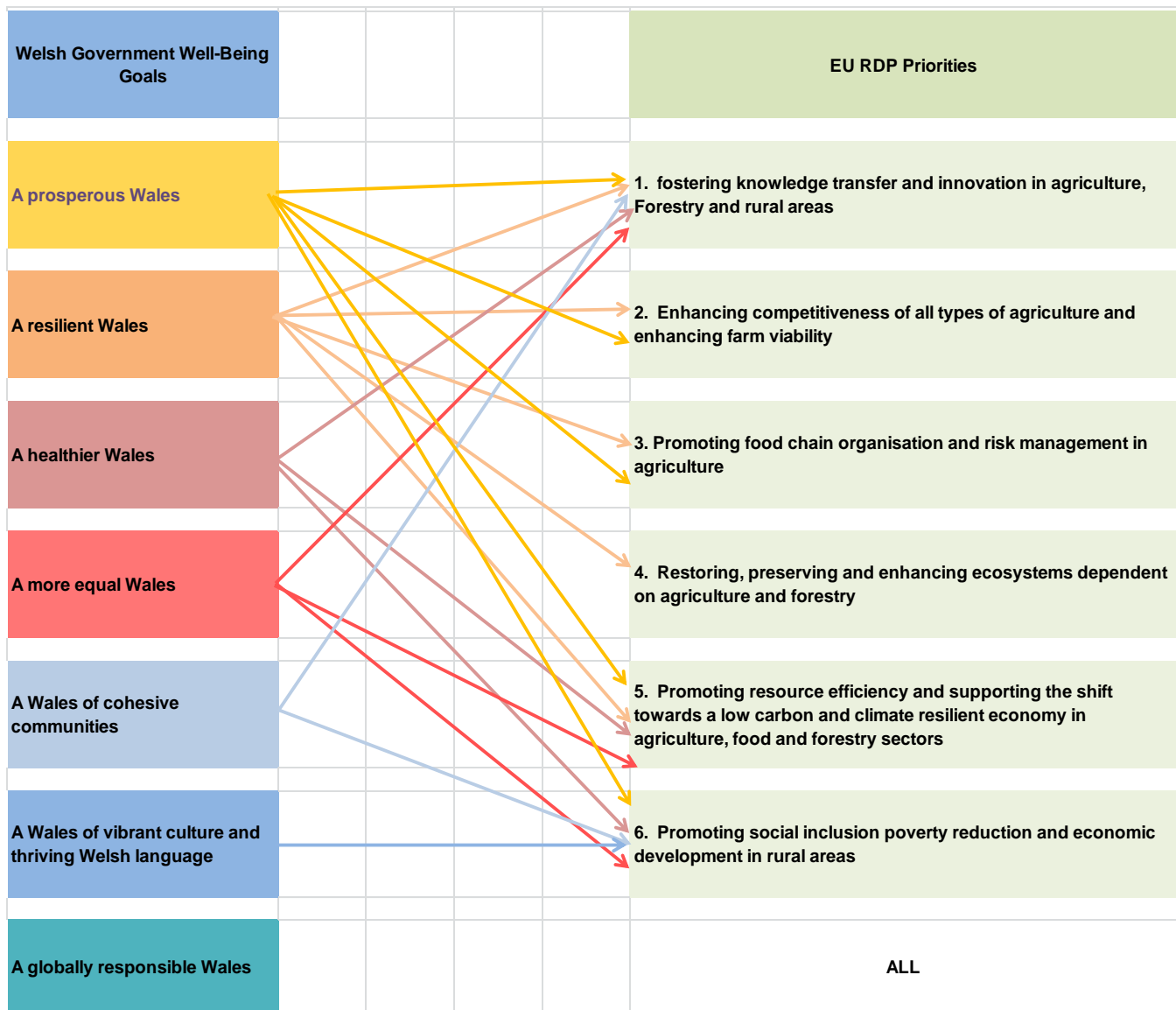
Digital ISBN: 978-1-4734-3468-4  
Print ISBN: 978-1-4734-3467-7  
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**What is the RDP 2014-2020**

1. The RDP 2014 – 2020 is a Wales-wide package of EU and Welsh Government funded interventions that align the EU priorities for rural development with the seven 'Well-being Goals' as set out in the Well-being of Future Generations (Wales) Act (see Figure 1).
2. It supports a wide range of activities designed to increase the sustainability and resilience of our natural environment, land-based sector, food businesses and communities. This includes: improving skills, innovation and knowledge transfer; creating and safeguarding jobs; improving agri-environmental outcomes; supporting woodland and forestry; increasing biodiversity; supporting and promoting resource efficiency; developing and delivering ecosystem services; supporting community development; improving animal health and welfare; and mitigating and adapting to climate change.
3. The key objectives for the RDP are to:
  - Deliver and support healthy, functioning biodiverse ecosystems;
  - Increase skills, knowledge and innovation;
  - Promote strong, sustainable economic growth;
  - Support strong, resilient and vibrant communities; and
  - Balance the need to address short term issues with the implications for the longer term.
4. Key elements of the RDP will be:
  - A continuing the commitment to a broad range of sustainable land management practices, agri-environment, climate and other land-based measures tailored to respond to current and future challenges;
  - An enhanced commitment to resource efficiency and renewable energy actions to complement Structural Fund and domestic actions;
  - Funding for actions to improve supply chains, with a particular focus on the Action Plan for Food and those supply chains needed to support diversification into energy, carbon and water management.
  - A focus on knowledge transfer, innovation and advice that aims to achieve a transformational effect on business skills, links with all other elements in the RDP, and complements and adds value to other activity and taps into a broad range of sources;
  - Working collaboratively with EST and others to boost grassroots capacity and confidence in entrepreneurship, including using LEADER to stimulate innovation and pilot new approaches, processes and products;

- Supporting the deployment of LEADER to enable it to provide the basis for breaking down barriers to rural transformation, providing the opportunity for taking risks with new approaches with an extensive EU wide track record as “laboratory for change”;
  - Tackling poverty and providing support for community-led rural development projects in particular those that target community transport provision, broadband coverage and speed, mobile ‘phone coverage, child and elder care provision, augment health and education services; and support the use of renewable energy.
5. All investment support will be conditional upon an appropriate business plan directed at the future of the business rather than solely designed to secure a grant, including a training and skills analysis (with a plan for achieving the skills levels), an exit strategy and a value for money assessment. The emphasis will be on supporting the beneficiary through a developmental journey rather than providing a range of separate and relatively short term fixes to immediate issues.
  6. As with the development phase, the delivery of the RDP will be through engagement, co-production and collaboration. It is proposed that wherever possible the approach will be to use strategic projects that will be a package of interventions designed to deliver a number of objectives in a cohesive manner. They would be co-produced with the relevant stakeholders and beneficiaries to secure their commitment and to make sure that they fully meet the Well-being goals. This approach is set out in more detail in Paper 2.

**Figure 1**





**WALES PROGRAMME MONITORING COMMITTEE, EUROPEAN  
STRUCTURAL AND INVESTMENT FUNDS 2014 – 2020:**

**Measuring Success: Managing Authority Response to PMC sub-group**

**Issue**

1. This paper responds to those recommendations from the Programme Monitoring Committee (PMC) sub-group on measuring success (September 2015) that fall within the Managing Authorities' respective remits for the European Structural and Investment (ESI) funds.

**Recommendation**

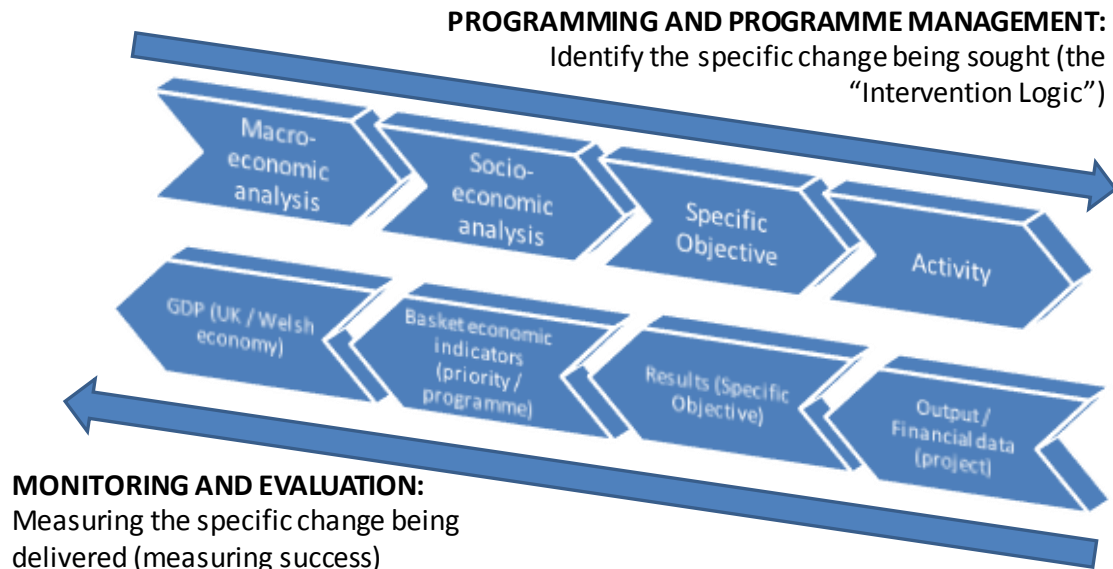
2. Members are asked to:
  - Note the new approach to programming for 2014-2020 requires much clearer targeting, and that the new implementation approach is supportive of the Sub Group's aims.
  - Note progress against a number of the recommendations via the ESI funds' Monitoring and Evaluation strategies (see also Annex A).
  - Consider how monitoring results indicators (Annex B) might provide a framework for analysis of potential impact, potentially bridging the gap between reporting of outputs and findings of evaluations.

**Background**

3. The development of the 2014-2020 ESI funds programmes, and Structural Funds in particular, represented a significant shift in emphasis for programming. The new focus on results placed a direct emphasis on impact of every investment, including identifying realistic ways of measuring that impact. More specific objectives and clearly identified result indicators and targets, summarised in Annex B of this paper, represent the outcomes of this process. This 'intervention logic' approach is summarised in Figure 1, which also shows how results fit with more traditional 'output' monitoring data historically seen by the PMC.
4. The results therefore add a new layer (compared to historical PMC monitoring processes) between the monitoring of outputs (quarterly reporting) and the assessment of impact at a programme level (evaluation after implementation). Evaluation will still be necessary to assess the full impact on results, but the closeness of results to the activity should allow for a better estimation of potential impact prior to evaluation.
5. The implication of the new results-focussed approach is that there is a requirement for each project to be carefully targeted and evidence a

contribution to the most relevant result target; this is elaborated upon in the later section of this paper which deals with implementation and project selection.

**Fig 1: Identifying and measuring success: the intervention logic**



6. After its formation, the All-Wales Programme Monitoring Committee (PMC) sought to investigate measures of success for the collective European Structural and Investment Funds. A Sub-Group was established, ultimately presenting a report to the September 2015 PMC.
7. Parallel to the sub-group discussions, WEFO developed the Monitoring and Evaluation strategy for Structural Funds (which aimed for consistency with the RDP evaluation plan already agreed with the European Commission). This strategy incorporated findings and discussions of the PMC sub-group, and was subsequently agreed by the PMC in September 2015.
8. The Wellbeing and Future Generations Act has also been passed into law during the period of the Sub-Group's deliberations. ESI programme development was carried out in parallel with the development of the Act; the objectives and outcomes set out in the ESI programmes therefore closely reflect the Act's ambitions and approach. The performance indicators for the ESI programmes, such as the result indicators, have a direct link to the population indicators identified as a result of the Wellbeing and Future Generations Act.

### **A note on productivity**

9. A primary challenge of improving productivity as a means of facilitating business and economic growth was identified by the sub-group. This was also discussed in the socio-economic analysis underpinning the ESI

programmes, leading to funding being targeted at measures known to have the potential to impact positively on productivity (e.g. infrastructure; RD&I; and skills). Most of these measures seek to improve the underlying conditions in the economy and labour market for all businesses (as direct investment in business can only take place in a limited number). The nature of investments that target the underlying economic conditions makes it difficult to estimate the related impact on productivity; for example major infrastructure investments can take decades to have full effect.

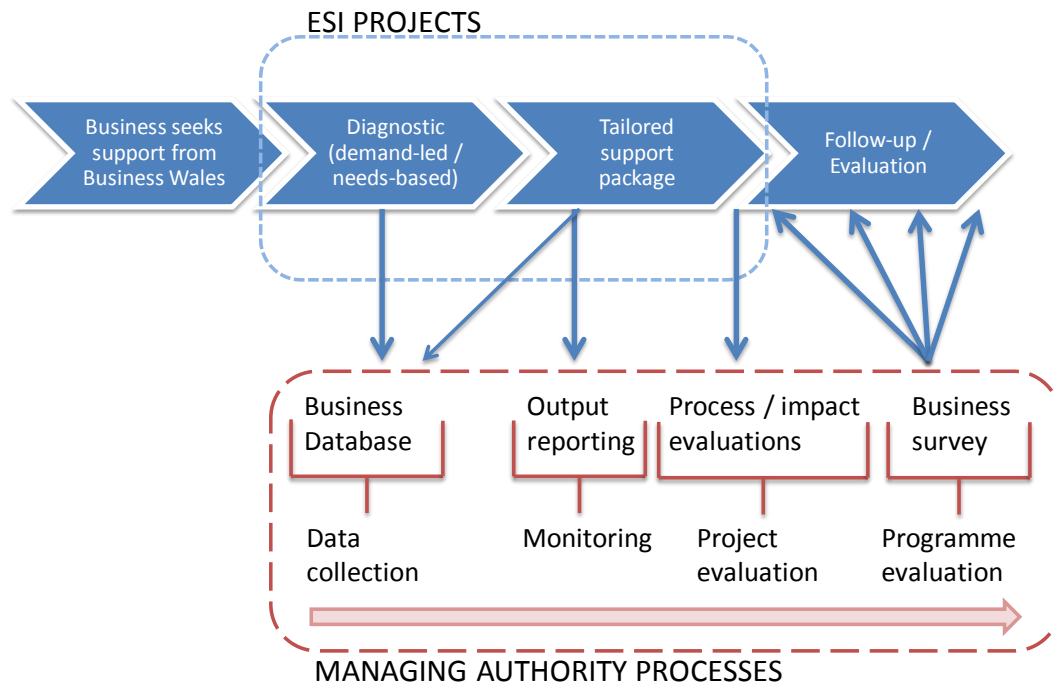
10. As noted above, the ESI programmes do target individual businesses (the principal focus of the PMC sub-group paper) via tailored business support measures (e.g. access to finance, innovation, diversification, export and growth support). While the number of businesses supported (which includes businesses operating in a rural environment) and amount of funding targeted directly may not be large relative to the overall business stock or overall ESI investment, there is still valuable data that can be retrieved and evaluated. Impact on productivity is complex to assess given the number of variables known to influence it, but attempts will continue to be made as part of the business survey process WEFO undertakes (and the accompanying analysis); building on lessons learned from the most recent *Evaluation of ERDF Support for Businesses*.

## **Implementation and Project Selection**

11. The results-focus, described earlier in this paper, is also carried through into implementation and project selection. A number of the observations of the PMC sub-group also related to the identification of the most appropriate businesses to receive support and the subsequent tracking of impact of support on those businesses.
12. In terms of doing things differently, the implication of the results-focus in the programmes is that projects need to demonstrate they are having a proportionate impact on the related result target. This requires clear and explicit targeting mechanisms for each project. Mechanisms must therefore be identified and justified by each project seeking support from the ESI funds to demonstrate how it delivers against the result sought by the programme. For example for access to finance this means only supporting viable businesses who have exhausted other sources of finance; for ERDF innovation support there needs to be evidence of smart specialisation and likelihood of commercialisation; and for skills provision evidence of industry-pull.
13. In terms of more traditional business support the ERDF programmes set out objectives to promote sustainable employment growth, building on a range of evaluative evidence suggesting that tailor-made support – also identified in the sub-group paper – is the most appropriate mechanism when led by a particular need or opportunity. This approach is clear in the ERDF Business Wales projects approved and the wider suite of business support being put in place. This is also explored further in Annex A,

including a description of the way the Managing Authority collects information from that process (summarised in Figure 2 below).

**Fig 2: Monitoring and evaluation for business support (Business Wales)**



14. The results-focus thus flows from the programme, into WEFO's project selection, through to the selection of individual businesses for support (and the type of support they receive) via funded projects.

## Monitoring and Evaluation

15. The majority of the detailed points in the sub-group paper relate to specific monitoring and evaluation practices, with some directly applicable to the ESI funds Managing Authorities and others to the wider Welsh Government. Annex A sets out, in detail, the ways in which those recommendations and observations are being incorporated into the arrangements for the monitoring and evaluation of the 2014-2020 ESI funds programmes.

## Next Steps

16. The recommendations from the report will now be incorporated as described in this paper and Annexes. These findings will also be incorporated into future reporting via monitoring and evaluation updates to future PMC meetings.

**WEFO and AFM Lead: Tom Smithson**  
**Approved by: Rob Halford and Terri Thomas**  
**Date: 27 November 2015**

## **Annex A: Monitoring and Evaluation to Measure Success**

1. This Annex covers some of the more technical aspects relating to the Monitoring and Evaluation approach for the ESI funds. This is also set out in the respective Monitoring and Evaluation strategies the PMC has seen.
2. This Annex therefore focusses in particular on responding to the challenges identified by the PMC sub-group, some of which have been addressed, and some of which will be addressed as systems evolve and reporting cycles begin.
3. The Annex is organised into the three main themes identified in the PMC sub-group report of direct relevance to the Managing Authorities:
  - A. Data collection from businesses, type and scope
  - B. Maintaining data, including via databases
  - C. Analysis of data, including assessment of impact

### **A. Data collection from businesses receiving direct support**

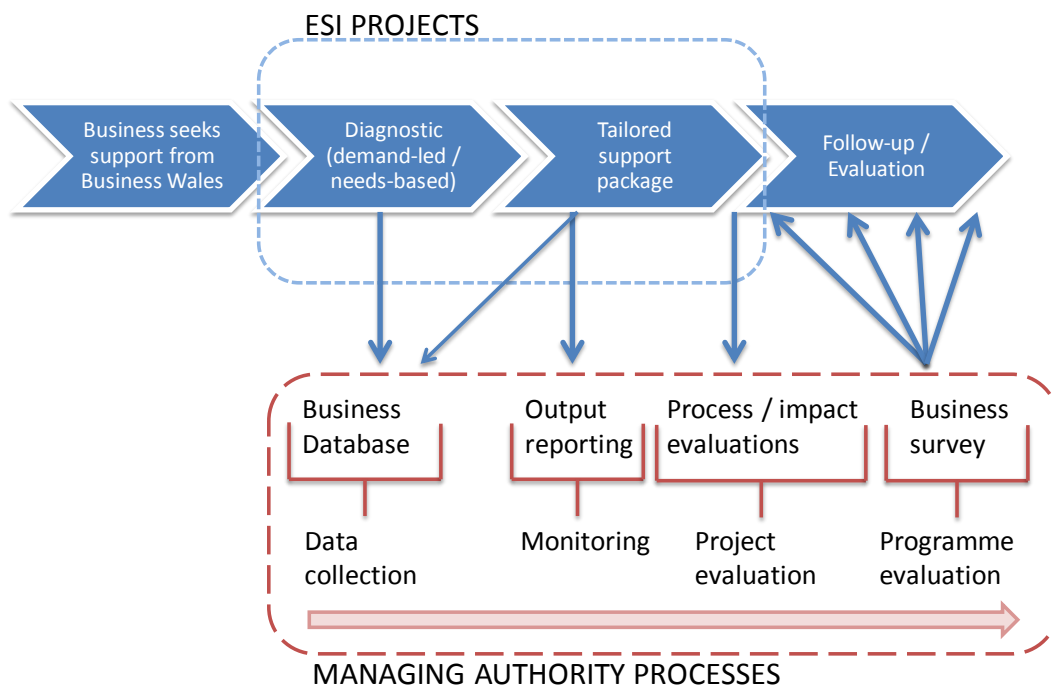
4. Processes now being put in place for the ESI funds, which build on the experiences of previous programme periods, are designed to address many of the historical weaknesses and incorporate recommendations from the sub-group where possible. The revised monitoring and evaluation approach is summarised in a simplified diagram (Fig 2, overleaf), with Business Wales as the gateway.
5. As recommended by the sub-group the standard approach is for an initial diagnostic to assess each businesses seeking support and to ensure support offered is tailored to their specific needs or demand-drivers. The diagnostic will collect a range of data on that business and where those 'gateway' projects are funded via ESI funds, business data is transmitted to WEFO / AFM during normal reporting cycles.
6. The data required by WEFO / AFM is set out in guidance documents<sup>1</sup> and used to construct a basic database used to target follow-up surveys and evaluative work. These data fields have been agreed in discussion with stakeholders and Welsh Government to achieve a balance between getting the right data and minimising administrative burdens. Many of the fields recommended by the sub-group have been incorporated into this spreadsheet including size of business, sector, turnover, location, and environmental and equality checks. Other suggested data fields have proved historically difficult for commercial sensitivity reasons, such as profit margins. Productivity might be estimated using a proxy (e.g. turnover per employee) but this does not require new data collection.

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<sup>1</sup> For example, requirements for data collection for businesses under the ERDF is available at: <http://wales.gov.uk/docs/wefo/publications/150522annexaenterprisedatarequirements.pdf> and <http://wales.gov.uk/docs/wefo/publications/150827-erdf-en.xlsx>

7. WEFO's reporting is reliant to a large degree on data collected by Business Wales. Should the Welsh Government identify a need to collect additional data, this can also be captured for other ESI projects (assuming it is demonstrated as necessary, realistic, and proportionate). In order for effective comparison and follow-up (including longitudinal analysis) consistency is needed in the recording of information; suggesting any additions might seek to amend existing data requirements rather than rewriting them (also allowing for meaningful comparison against previous interventions).

**Fig 2: Monitoring and evaluation for business support (Business Wales)**



8. The implementation of projects creates **outputs**, reported to WEFO. These form the basis of traditional reporting to the PMC (e.g. information on numbers of businesses supported, new jobs created or investment induced). A shift in emphasis for 2014-2020 makes these indicators less of a measure of success and more of a record of progress of implementation. In addition, and in response to the Cross-Cutting Themes (CCT) Evaluation, a range of new **CCT output indicators** offer an additional menu of options by which to capture more of the social and environmental outputs of projects, which can be 'softer' in nature.
9. Qualitative monitoring at key milestones will place more of an emphasis on the linkage of those output indicators to the results being sought by the project and the programmes. This means having a better understanding of the quality of those outputs (e.g. what types of businesses are being supported, or what types of new jobs are being created?). Estimates of contributions to results can thus be made; albeit evaluation is required to account for the influence of other factors to reach a more realistic estimate

of impact. A project-level evaluation after project close will give an idea of the impact of that particular investment.

10. Follow-up by WEFO of a representative sample of supported businesses via the Business Survey will allow for more longitudinal analysis and for follow-up of impact beyond the closure of a specific project. It also allows for the potential to assess the relative impact of multiple interventions in some businesses compared to individual interventions in others.

### **Improvements to WEFO / AFM data collection**

11. The collection of business-level data has proven challenging over successive programming periods, in particular given the different emphases of different projects supporting businesses (e.g. start-up, employment growth, ICT exploitation, etc.). Reluctance to provide data by recipients of support is particularly acute in this particular field, potentially for a number of reasons from data protection and commercial sensitivity to a different culture in comparison to the provision of support for individuals.
12. A number of improvements to data collection for businesses are being put in place for 2014-2020, many responding directly to weaknesses identified by the evaluation of the Business Survey. This includes:
  - Linking data collection to payments, so that payments will not be made unless appropriate data is provided.
  - Use of the PPIMS system to record data, allowing for better quality control, potential for data-linking, and improved interrogation of data.
  - Refining the fields of data being collected to ensure most appropriate and realistic fields collected; supporting standardisation and better opportunities for data-linking with wider data-sets.
  - Reducing duplication and ensuring up-to-date information provided.

### **B. Maintaining data, including via databases**

13. WEFO maintains a basic database of businesses supported, as existing data collection methods did not meet the needs of ERDF reporting as expected. Populating and maintaining this database has historically proven challenging, with WEFO collecting additional data directly from each project providing support directly to businesses. This data is separate and additional to the standard monitoring data on outputs WEFO collects (as it is for participants in ESF). There was no legislative requirement for this data to be systematically collected (as there is for the ESF) so building-in requirements has been more challenging.
14. The historical approach to this data collection, and evolution of the database throughout the programme period, has meant there have been a number of data quality issues (e.g. out-of-date information, duplication, data entry errors) as well as issues in relation to getting regular, up-to-date and complete information from every project. This stems in part from

the lack of incentive or penalty for projects not providing accurate information.

15. Recommendations from the sub-group in this area focus on a centralised database managed in Business Wales. WEFO will still be required to maintain the same information, but will continue to seek alignment with any Welsh Government systems in operation; in particular to avoid duplication of activity. New rules mean there is the potential for the suspension of payments from the Commission should data quality be inadequate; therefore WEFO needs to ensure the integrity of the data it is responsible for reporting. The movement of the database from a WEFO-held spreadsheet to an integrated part of the PPIMS (ESI funds management) system allows for greater quality control and linking of data.
16. It is suggested that the existing WEFO and AFM business database, once planned improvements are implemented, should meet those elements of the recommendation over which the Managing Authorities have control. Further amendments (e.g. additional data fields) can be considered in collaboration with Welsh Government colleagues, so that the ESI funds mirror wider Welsh Government data collection methodologies, avoid duplication, and aid better evaluation.

### **C. Analysis of data, including assessment of impact**

17. A particular focus for the PMC sub-group was on longitudinal monitoring and evaluation to assess longer-term impacts, including the potential impact of multiple and potentially cumulative investments. The sub-group paper identifies this as most meaningful if done across the Welsh economy as a whole and managed by the Welsh Government (via Business Wales).
18. In terms of the contribution ESI funds can make to this analysis, a number of potential measures have been identified in the Monitoring and Evaluation Strategy. In particular the regular Business Surveys, using the data in the business database, allows for a follow-up of supported businesses to assess longer-term impacts from support. This kind of longitudinal analysis is significantly improved by the potential for data-linking to wider data sets, such as those held by the ONS (e.g. Business Innovation Survey).
19. The Monitoring and Evaluation strategy sets out how the Business Survey and associated evaluations will be improved, taking on board many of the issues highlighted by the sub-group in its report. This includes:
  - Data linking and better quality data allowing for control groups and longitudinal analysis
  - Spatial analyses of surveys to look for regional and / or sectoral variations in outcomes linked to the EPF
  - Including farming and rural businesses in the Business Survey (and farmers in the participants survey)



## ANNEX B: Summary of Result indicators and targets for ESI programmes

### ERDF Programmes

Area	Specific Objective	Result and Target	Target
<b>ERDF Priority 1: Research and Innovation</b>			
All Wales	SO(1.1) To increase the success of Welsh research institutions in attracting competitive and private research funding.	Increase the research Income of Higher Education Institutions (HEIs):  <i>[Projects also need to consider longer term impact on Business Expenditure on Research and Development (BERD)]</i>	WW&V: 10-15% annual increase  EW: 6% annual increase
All Wales	SO(1.2) To increase the successful translation of research and innovation processes into new and improved commercial products, processes and services, in particular through improved technology transfer from HEIs	(%) Average share of total turnover from product innovation, and novel innovation: new to market, new to business and significantly improved (UKIS):	All Wales: Increase from 22% to 23-24%
<b>ERDF Priority 2: SME Competitiveness</b>			
All Wales	SO(2.1) To increase the amount of finance available to SMEs for both business start-up and for business expansion	Annual amount invested in Venture Capital and Expansion Capital (British Venture Capital Association data):	WW&V: increase from £18m to £26-£27m a year  EW: increase from £18m to £19-£20m a year
	SO(2.5) To address market failures in the availability of finance, in particular risk capital, for Welsh	Annual Early stage equity investment (British Venture Capital Association	WW&V: increase from £9m to £12-£16m a year  EW: increase

Area	Specific Objective	Result and Target	Target
	SMEs to undertake innovation and commercialise R&D	data):	from £9m to £9.5-£10m a year
All Wales	SO(2.2) To increase the number of SME start-ups through the provision of information, advice and guidance and support for entrepreneurship	Count of birth of new enterprises (ONS):	WW&V: 8% increase in annual birth rate  EW: 5% increase in annual birth rate
All Wales	SO(2.3) To increase the take-up and exploitation of NGA networks and ICT infrastructure by SMEs	SME use of fibre and cable broadband (Communications Market Report: Wales, Ofcom)	All Wales: increase from 22% SMEs (2014) to 27%
All Wales	SO(2.4) To increase the growth of those SMEs with growth potential, in particular through accessing new markets (both domestic and international)	Employment within small (10-49 employees) and medium (50-249) SMEs (Size Analysis of Welsh Businesses, Welsh Government):	WW&V: 9% increase  EW: 5% increase
<b>ERDF Priority 3: Renew. Energy &amp; Energy Efficiency</b>			
All Wales	SO(3.1) for East Wales and SO(3.2) for WW&V:  To increase the number of small scale renewable energy schemes established	Number of sites in Wales generating electricity from renewable sources [excluding PV] (DUKES)	WW&V: additional 37 sites  EW: additional 3-6 sites
West Wales and the Valleys	SO(3.1) Increase the number of wave and tidal energy devices	MW installed capacity in wave and tidal (DUKES)	Increase from 7MW to 20MW

Area	Specific Objective	Result and Target	Target
Only	being tested in Welsh waters and off the Welsh coast, including multi-device array deployments, thereby establishing Wales as a centre for marine energy production		
All Wales	SO(3.2) for East Wales and SO(3.3) for WW&V:  Increase the energy efficiency of the existing Welsh housing stock, particularly in areas of fuel poverty	Energy efficiency rating of households facing severe fuel poverty (Welsh Government)	All Wales: increase the energy performance by 2 ratings for 10% of all properties facing severe fuel poverty

#### ERDF Priority 4: Connectivity

West Wales and the Valleys only	SO(4.1) To address issues of peripherality and improve private investment in local areas through improvements to the functioning of the Trans-European Transport Network (TEN-T)	Average speed on selected TEN-T roads (Trafficmaster data)	5-10% increase
All Wales	SO(4.2) for WW&V:  To increase urban and labour mobility to and from key urban and employment centres  SO(4.1) for East Wales:	Indicator for <u>West Wales and the Valleys</u> :  The proportion of people aged 16 and over within 15, 30, and 45 minute travel time thresholds of A 'Key Centre' between 7am and 9am on a Tuesday by public	Increase numbers of people within 0-15 and 0-30 minutes by 5-10% in each time band

Area	Specific Objective	Result and Target	Target
	To increase urban and labour mobility to and from key urban and employment centres	<p>transport (GIS data)</p> <hr/> <p>Indicator for <u>East Wales</u>:</p> <p>Total passengers using public transport between key urban links (GIS data)</p>	10% increase on selected route
All Wales	<p>SO(4.2) for East Wales and SO(4.3) for WW&amp;V:</p> <p>To contribute to Digital Agenda for Europe targets in Wales for 100% access to next generation broadband (30Mbps and above) and 50% access to 100Mbps</p>	(%) Proportion of premises that are in postcodes served by NGA networks (Ofcom)	Increase by 7 percentage points
West Wales and the Valleys only	SO(4.4) To increase employment through investments in prioritised local or regional infrastructure supporting a regional or urban economic strategy	Claimant Count rate in Travel to Work Areas (StatsWales)	Average decrease in claimant count of 8% in areas targeted

## **ESF Programmes**

Area	Specific Objective	Result Indicator
<b>ESF Priority 1: Tackling Poverty through Sustainable Employment</b>		
West Wales and the Valleys only	WW&V only SO1: To increase the employability of those closest to the labour market at most risk of poverty.	<p>Number of target group:</p> <ul style="list-style-type: none"> <li>- Gaining a qualification</li> <li>- Entering into employment</li> <li>- In employment 6 months after intervention</li> </ul>
All Wales	SO2 for WW&V and SO1 for EW: To increase the employability of Economically Inactive and Long Term Unemployed people aged 25 and over, who have complex barriers to employment.	<p>Number of target group:</p> <ul style="list-style-type: none"> <li>- Entering employment,</li> <li>- Gaining a qualification or work relevant certification</li> <li>- Completing work experience placement or volunteering opportunity.</li> <li>- In employment 6 months after intervention.</li> </ul> <p>Number of economically inactive participants engaged in job search upon leaving.</p>
West Wales and the Valleys only	WW&V only SO3: To reduce under-employment or absence rates for employed individuals with work limiting health conditions and / or other barriers to sustainable engagement with the labour market.	<p>Employed or self employed participants with work limiting health condition or disability returning to work after a period of absence.</p> <p>Number of target group with an improved labour market situation upon leaving such as increased hours, permanent contract.</p> <p>Number of supported enterprises having adopted or improved equality and diversity strategies and monitoring systems.</p>
<b>ESF Priority 2: Skills for Growth</b>		
All Wales	SO1 for WW&V and SO1 for EW: To increase the skills levels, including work relevant skills, of those in the	Number of employed or self employed participants with no formal qualifications gaining an essential skill or technical or job specific qualification.

	workforce with no or low skills.	No. of employed or self employed participants with up to and including a lower secondary education gaining an essential skills or technical or job specific qualification at lower secondary level.
All Wales	SO2 for WW&V and SO2 for EW: To increase the number of people in the workforce with technical and job specific skills at an intermediate and higher level.	Number of employed or self-employed participants with lower secondary education gaining a technical or job specific vocational qualification at upper secondary level or above.  Number of employed or self employed participants with upper secondary education or above gaining a technical or job specific vocational qualification at or above upper secondary level.
West Wales and the Valleys only	WW&V only SO3:To increase the number of people with graduate degrees or equivalent undertaking research and innovation activities with enterprise	Number of participants with a graduate degree or equivalent gaining a Masters or Doctoral qualification.  Number of participants with graduate degree or equivalent gaining employment.
All Wales	SO4 for WW&V and SO3 for EW: To improve the position of women in the workforce.	Number of participants gaining a qualification upon leaving.  Number of employed or self-employed females with an improved labour market situation.  Supported enterprises having adopted or improved equality and diversity strategies and monitoring systems.
<b>ESF Priority 3: Youth Employment Attainment (Youth Employment in East Wales)</b>		
All Wales	SO1 for WW&V and SO1 for EW: To reduce the number of 16-24 year olds who are Not in Education, Employment or	Number of NEET participants (16 - 24 years of age): - Gaining qualifications upon leaving.

	Training (NEET)	<ul style="list-style-type: none"> <li>- In education/ training upon leaving.</li> <li>- Entering employment upon leaving.</li> </ul>
All Wales	<p>SO2 for WW&amp;V and SO2 for EW: To reduce the number of those at risk of becoming NEET, amongst 11-24 year olds.</p>	<p>Number of participants at risk of becoming NEET (11-24):</p> <ul style="list-style-type: none"> <li>- Gaining qualifications upon leaving.</li> <li>- In education or training upon leaving.</li> <li>- At reduced risk of becoming NEET upon leaving.</li> </ul>
West Wales and the Valleys only	<p>WW&amp;V only SO3: To increase the take up of and attainment levels in STEM subjects amongst 11-19 year olds.</p>	<p>Number of young people 11-19:</p> <ul style="list-style-type: none"> <li>- receiving training in Science, Technology, Engineering and Maths (STEM),</li> <li>- who continue to study a Science, Technology, Engineering and Maths subject post 16</li> </ul>
West Wales and the Valleys only	<p>WW&amp;V SO4: To increase the skills of the Early Years and Childcare workforce.</p>	<p>Number of employed or self employed individuals from the Early Years and Childcare sector gaining qualifications.</p>

## RDP programme

Objective	Result indicator	Target
<b>RDP Priority 1: Fostering knowledge transfer and innovation in agriculture, forestry and rural areas</b>		
1A: Fostering innovation, cooperation and the development of the knowledge base in rural areas	T1: percentage of expenditure under Articles 14, 15 and 35 of Regulation (EU) No 1305/2013 in relation to the total expenditure for the RDP (focus area 1A) (%)	14.09
1B: Strengthening the links between agriculture, food production and forestry and research and innovation, including for the purpose of improved environmental management and performance	T2: Total number of cooperation operations supported under the cooperation measure (Article 35 of Regulation (EU) No 1305/2013) (groups, networks/clusters, pilot projects...) (focus area 1B) (No)	1,147.00
1C: Fostering lifelong learning and vocational training in the agricultural and forestry sectors	T3: Total number of participants trained under Article 14 of Regulation (EU) No 1305/2013 (focus area 1C) (No)	13,000.00
<b>RDP Priority 2: Enhancing farm viability and competitiveness of all types of agriculture in all regions and promoting innovative farm technologies and the sustainable management of forests</b>		
2A: Improving the economic performance of all farms and facilitating farm restructuring and modernisation, notably with a view to increasing market participation and orientation as well as agricultural diversification	T4: percentage of agricultural holdings with RDP support for investments in restructuring or modernisation (focus area 2A) (%)	10.08



Objective	Result indicator	Target
2B: Facilitating the entry of adequately skilled farmers into the agricultural sector and, in particular, generational renewal	T5: percentage of agricultural holdings with RDP supported business development plan/investments for young farmers (focus area 2B) (%)	0.73
<b>RDP Priority 3: Promoting food chain organisation, including processing and marketing of agricultural products, animal welfare and risk management in agriculture</b>		
3A: Improving competitiveness of primary producers by better integrating them into the agri-food chain through quality schemes, adding value to agricultural products, promotion in local markets and short supply circuit, producer groups and inter-branch organisations	T6: percentage of agricultural holdings receiving support for participating in quality schemes, local markets and short supply circuits, and producer groups/organisations (focus area 3A) (%)	0.68
<b>RDP Priority 4: Restoring, preserving and enhancing ecosystems related to agriculture and forestry</b>		
4A (agri): Restoring, preserving and enhancing biodiversity, including in Natura 2000 areas, and in areas facing natural or other specific constraints and high nature value farming, as well as the state of European landscapes	T9: percentage of agricultural land under management contracts supporting biodiversity and/or landscapes (focus area 4A) (%)	49.11
4A (forestry): Restoring, preserving and enhancing biodiversity, including in Natura 2000 areas, and in areas facing natural or other specific constraints and high nature value farming, as well as the state of European landscapes	T8: percentage of forest/other wooded area under management contracts supporting biodiversity (focus area 4A) (%)	9

Objective	Result indicator	Target
4B (agri): Improving water management, including fertiliser and pesticide management	T10: percentage of agricultural land under management contracts to improve water management (focus area 4B) (%)	49.06
4B (forestry): Improving water management, including fertiliser and pesticide management	T11: percentage of forestry land under management contracts to improve water management (focus area 4B) (%)	0.85
4C (agri): Preventing soil erosion and improving soil management	T12: percentage of agricultural land under management contracts to improve soil management and/or prevent soil erosion (focus area 4C) (%)	8.47
4C (forestry): Preventing soil erosion and improving soil management	T13: percentage of forestry land under management contracts to improve soil management and/or prevent soil erosion (focus area 4C) (%)	1.11
<b>RDP Priority 5: Promoting resource efficiency and supporting the shift towards a low carbon and climate resilient economy in agriculture, food and forestry sectors</b>		
5B: Increasing efficiency in energy use in agriculture and food processing	T15: Total investment for energy efficiency (€) (focus area 5B) (€)	19,911,765.00
5C: Facilitating the supply and use of renewable sources of energy, of by products, wastes, residues and other non food raw material for the purposes of the bio-economy	T16: Total investment in renewable energy production (€) (focus area 5C) (€)	50,401,543.92
5D: Reducing green house gas and ammonia emissions from agriculture	T18: percentage of agricultural land under management contracts targeting reduction of GHG and/or ammonia emissions (focus area 5D) (%)	14.03
5E: Fostering carbon conservation and sequestration in agriculture and forestry	T19: percentage of agricultural and forest land under management contracts contributing to carbon sequestration and conservation (focus area 5E) (%)	0.13

Objective	Result indicator	Target
<b>RDP Priority 6: Promoting social inclusion, poverty reduction and economic development in rural areas</b>		
6A: Facilitating diversification, creation and development of small enterprises, as well as job creation	T20: Jobs created in supported projects (focus area 6A) (No)	142
6B: Fostering local development in rural areas	T21: percentage of rural population covered by local development strategies (focus area 6B) (%)	45.53
	T22: percentage of rural population benefiting from improved services/infrastructures (focus area 6B) (%)	45.53
	T23: Jobs created in supported projects (Leader) (focus area 6B) (No)	100
6C: Enhancing the accessibility, use and quality of information and communication technologies (ICT) in rural areas	T24: percentage of rural population benefiting from new or improved services/infrastructures (ICT) (focus area 6C) (%)	16.47