

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

Date: 26 September 2014

Time: 9.30am

Venue: Welsh Government Offices, Merthyr Tydfil

AGENDA

- | | |
|--|--------------------------|
| 1. Welcome and apologies | 9.30 - 9.35 |
| 2. Minutes of May meeting, action points and matter arising | 9.35 - 9.40 |
| 3. Feedback from 'shadow' WPMC, ES&I Funds 2014-2020 Sub-Group: Measuring Success | 9:40 - 10.00 |
| 4. Horizon 2020 – overview & details of potential integration with mainstream EU Funds | 10.00 -10.20 WPMC(14)23 |
| 5. Wales Audit Office Report European Structural Funds 2007-2013 – response of Managing Authority | 10.20 - 10.40 WPMC(14)24 |
| <i>Break 10.40 – 10.55</i> | |
| 6. UK Partnership Agreement and the Structural Funds Operational Programmes – update on progress | 10.55 - 11.15 WPMC(14)25 |
| 7. Rural Development Programme – update on progress | 11.15 -11.40 WPMC(14)26 |
| 8. LEADER Local Action Group developments | 11.40 - 12.05 WPMC(14)27 |
| 9. Regional Partnership Engagement | 12.05 - 12.25 WPMC(14)28 |
| 10. Any other business: | 12.25 - 12.30 |
| • Meeting dates 2015 [Paper to note] | WPMC(14)29 |

PWYLLGOR MONITRO RHAGLENNI CYMRU (WPMC)
CRONFEYDD STRWYTHUROL A BUDDSODDI EWROPEAIDD (ES&I) 2014-2020

Dyddiad: 26 Medi 2014

Amser: 9.30am

Lleoliad: Swyddfeydd Llywodraeth Cymru, Merthyr Tudful

AGENDA

- | | |
|--|--------------------------|
| 1. Croeso ac ymddiheuriadau | 9.30 - 9.35 |
| 2. Cofnodion cyfarfod Mai, camau gweithredu a materion yn codi o'r cyfarfod blaenorol | 9.35 - 9.40 |
| 3. Adborth gan Is-grŵp 'cysgodol' WPMC, Cronfeydd ES&I 2014-2020: Mesur Llwyddiant | 9:40 - 10.00 |
| 4. <i>Horizon 2020</i> – trosolwg o'r cynnydd a manylion am yr integreiddio posibl â Chronfeydd prif ffrwd yr UE | 10.00 - 10.20 WPMC(14)23 |
| 5. Adroddiad Swyddfa Archwilio Cymru ar Gronfeydd Strwythurol Ewropeaidd 2007-2013 – ymateb yr Awdurdod Rheoli | 10.20 - 10.40 WPMC(14)24 |
| <i>Egwyf 10.40 – 10.55</i> | |
| 6. Cytundeb Partneriaeth y DU a'r Cronfeydd Strwythurol Rhaglenni Gweithredol – y sefyllfa ddiweddaraf | 10.55 - 11.15 WPMC(14)25 |
| 7. Rhaglen Datblygu Gwledig – y sefyllfa ddiweddaraf | 11.15 - 11.40 WPMC(14)26 |
| 8. Datblygiadau Grwpiau Gweithredu Lleol LEADER | 11.40 - 12.05 WPMC(14)27 |
| 9. Meithrin Cysylltiad â Phartneriaethau Rhanbarthol | 12.05 - 12.25 WPMC(14)28 |
| 10. Unrhyw fater arall: | 12.25 - 12.30 |
| <ul style="list-style-type: none"> • Dyddiadau cyfarfodydd 2015 (PAPUR I'W NODI) | WPMC(14)29 |

**EUROPEAN STRUCTURAL AND INVESTMENT FUNDS 2014 – 2020
'SHADOW' WALES PROGRAMME MONITORING COMMITTEE**

Draft Minutes of meeting held on 1 May 2014

Item 1: Welcome and Apologies

1. The Chair welcomed Members to the shadow Wales Programme Monitoring Committee (WPMC). Specific welcome was given to Lowri Gwilym who joins the WPMC as a representative for the Welsh Local Government Association (WLGA) replacing Cllr Bob Wellington.
2. Attendees and apologies are listed at **Annex A**.

Item 2: Reflections on the Induction events (28 February & 1 May) and future training and support for Members

3. The Chair noted that the induction event on 28 February and the RDP introduction session that took place before the meeting were informative and useful. Evaluations from the 28 February event highlighted that Members welcomed the small working group sessions and that the training was a positive use of Members' time.
4. The Chair asked Members to highlight what further training they required in relation to support their role as PMC Members or the European Structural & Investment Funds.
5. Members raised no further training needs at this time but thanked WEFO and RDP officials for the sessions and noted that it was helpful to have had Michael Harrington facilitate the induction and training event, 28 February 2014.

Item 3: Impact of 2014-2020 programmes: How will 'success' be defined and measured?

6. Rob Halford, WEFO Head of Planning & Strategy, advised that presentations from Paul Casey and Jonathan Price at the recent PMC induction day exposed some of the challenges associated with monitoring and evaluating the performance of EU funded programmes. Paper WPMC(14)14 sets out how success of the ESI funds could be measured, outlining the EU regulatory requirements in respect of evaluation and providing examples of techniques to be utilised to determine success.
7. Success of the programmes will have to be measured at a number of different levels :
 - Direct Outputs - WEFO has to measure and report on (a) outputs, which must cover all investment priorities of a programme and are derived from the intervention logic table, (b) indicators as set out in

a Performance Framework and (c) performance from a wider perspective as per an evaluation plan agreed by the PMC

- Economic Outcomes - a range of economic indicators will need to be used to measure progress rather than relying solely on GDP per capita.
8. The Chair noted that the intervention logic tables provide a useful summary of what we are trying to achieve and invited Members to feedback questions or comments.
9. Members recognised the good work that had already been undertaken to capture the impact of the new programmes by the Managing Authorities, including the work completed by the external workstreams. In discussion, Members raised the following points:
- specific objectives within the intervention logic table are fairly generic and outputs are heavily focused on numbers. It is recognised that there needs to be numerical measures but the assumption should not be that 'larger numbers equals bigger impact'. Quality achieved in respect of interventions and links to other Welsh Government funding should also be considered.
 - a range of data emerging from priority sectors and project data from WEFO should enable some economic modelling to be undertaken to ascertain what success will look like 7 years into the future.
 - setting a standard of evaluation at the outset of the programmes can ensure consistent practice and provide assurance that the data collected is a true representation of performance and underpins delivery of outcomes.
10. Members agreed that in order to consider the issue further, a small task and finish sub-group of the PMC should be established. Damien O'Brien advised that officials from the Managing Authorities officials would need to be involved in the sub-group and suggested including other experts (economists, statisticians and evaluators) from within the Welsh Government as required. The Chair and the following Members expressed an interest in being involved in the subgroup:
- Ann Beynon
 - Grahame Guilford
 - Tom Whyatt
 - Iestyn Davies
 - Jocelyn Llewellyn
11. Damien O'Brien also reminded the Committee that the Managing Authorities will have to measure results as per the European Commission requirements and will be benchmarked against other EU regions in doing so. The Committee's role is to focus on the impact of the EU interventions, which represent a small part of the overall investment in the priority areas (i.e. around 1.2% of total public sector investment in Wales, including match funding).

Action: Secretariat to circulate possible dates and draft TOR for sub-group

Item 4: Latest draft of the criteria to be used for the assessment and selection of operations/ projects

12. David Thomas, WEFO Programme Implementation Manager, outlined the revisions made to the draft methodology and criteria for the selection of Structural Funds operations in the 2014-2020 programme period, in light of the discussions held at the last shadow WPMC. These included:

- increased emphasis on identifying, assessing and monitoring long term benefits and impacts.
- analysis of the potential long term benefits, both quantifiable and qualitative, will form part of the 'Value for Money' criterion assessment.
- Methodology – greater clarity over the ability of WEFO officers to assess groups of criteria simultaneously if appropriate, reducing the length of the appraisal process.
- Business Plan template revised to guide applicants on the content that WEFO will need for assessment purposes.

13. Members discussed and provisionally agreed the proposed draft methodology and selection criteria and raised the following points:

- the methodology and criteria will need to be open and accessible to a diverse range of applicants, to ensure greater uptake of the funds, including 'new' beneficiaries.
- clear stipulation of the sanctions for potential operations if funds are misused/ non compliant, so that all applicants are aware that it is not 'free money'.
- where operations reference support from other partners/ stakeholders (page 8 of the business plan template), this must be evidenced by written correspondence as a minimum.

14. In response to questions from Members, WEFO advised that a timescale for approval of operations can not be provided as these will vary depending on the type of operation. As soon as applications begin to be processed, WEFO will be able to give an indication of timescales for approval and will be constantly monitoring the position of potential operations to prevent any delays.

15. WEFO confirmed that the Cross Cutting Themes (CCT) will be addressed in the pre-planning stage. This will ensure operations (a) consider, apply and maintain a robust mechanism for CCT implementation and (b) achieve the related objectives, indicators and targets. The CCT team is currently working on case studies and guidance to illustrate best practices.

Item 5: Economic Prioritisation Framework

16. Jane McMillan, WEFO Head of ESF Programme Management, updated Members on the latest draft of the Economic Prioritisation Framework

(EPF). The first complete iteration, containing both regional and thematic economic opportunities is now available on the WEFO website for the use of WEFO and potential beneficiaries. The EPF will remain in draft until formal negotiations of the operational programmes are complete. It will be used by WEFO, together with the methodology & criteria for the selection of operations and Operational Programme documents, to help integrate portfolios, avoid duplication, identify gaps and assist operations in demonstrating added value. The framework contains a wealth of information and will remain a live document which will be regularly reviewed.

17. WEFO is intending to run a number of training sessions on the EPF for beneficiaries in June/ July 2014.
18. Members questioned how they could ensure that the sectors that they represent can feed into the regional and thematic opportunities and if the EPF would have to be agreed by the WPMC as part of its legal responsibilities.
19. WEFO advised that work has been undertaken in conjunction with other Welsh Government departments and the WLGA to populate the thematic and regional opportunities. However, if other sectors should have any comments on the EPF then these to be sent to WEFO for consideration. The WPMC does not approve the EPF; it is one element of a suite of guidance documents to be used within the formal appraisal process which will have to be agreed by the Committee.

Item 6: City Regions Board

20. Marcella Maxwell, Welsh Government, Deputy Director Strategic Policy, provided an update on the work of the two City Regions:

- Welsh Government established an advisory group in autumn 2011, to consider the evidence for City regions as economic drivers. The group's report was published July 2013 and it recommended establishing Swansea Bay and Cardiff Capital Region as city regions.
- City Region Boards established to drive the agenda forward and both Boards have met a number of times since their first meetings, December 2013.
- Cardiff Capital Region, chaired by Roger Lewis (WRU Chief executive). The Board has identified Connectivity, Innovation and Skills as the strategic priorities for the region.
- Swansea Bay City Region has commissioned an economic strategy and agreed five strategic priorities;
 - Business growth retention and specialisation
 - Skilled & ambitious for long-term success
 - Maximising job creation for all

- Knowledge Economy and Innovation
 - Distinctive places and competitive infrastructure.
21. Both Boards meet on a regular basis and it is very much early days re the agenda, so the Boards continue to focus and refine their priorities.
22. The Committee discussed the city regions and noted their economic significance, whilst also recognising the need to ensure prosperity for Wales as a whole and assurance that ‘pockets of isolation’ will not be created.
23. Marcella Maxwell also advised that the Boards have looked at lessons learned from other city regions and are intending to engage with a range of stakeholders/ sectors across the region going forward.
24. It was agreed to discuss the North Wales Ambition Board, the Mersey Dee Alliance and any other relevant regional bodies at a future meeting.

Item 7: Minutes of 3 February meeting, action points and matters arising (PMC (14) M02 with annexes)

25. The minutes of the 3 February 2014 meeting were agreed as a true and accurate record. There were no matters arising.
26. Progress on action points arising from the previous meeting is listed at Annex B.

Item 8: UK Partnership Agreement and the Structural Funds Operation Programmes – update on development and submission to the EC

27. Rob Halford, WEFO Head of Planning & Strategy, provided an update on the UK Partnership Agreement and on the development of the Structural Fund Operational Programmes:
- UK Partnership Agreement (PA) formally submitted to the European Commission (EC) 17 April 2014.
 - Draft Operational Programmes (OPs) also submitted the same day (17 April) and WEFO can now formally commence negotiations with the EC.
 - As previously noted, submission of the PA was slightly delayed, due to a Judicial Review of the UK Government’s proposed structural funds financial allocations and the development of the England chapter.
 - It will not be possible to formally approve the Welsh Programmes until formal agreement is reached on the UK PA.
28. The EC has 4 months to approve the PA, however they can ‘stop the clock’ at any time if any issues in the PA need to be addressed. In a

recent speech from Commissioner Hahn, he noted that approval of the Partnership Agreements will be completed as soon as possible, however the overriding principle remains that quality is not sacrificed at the sake of speed. Current timescales indicate that approvals could possibly be completed Autumn 2014.

29. Damien O'Brien added that 81 OPs have been submitted to the Commission to date and Wales is the only part of the UK to submit all their Operational Programmes. The ESF Operational Programmes were due to begin inter-service consultation that week.
30. The Chair noted that the work completed by WEFO in submitting the Operational Programmes so early should be recognised.
31. Marek Beran, European Commission, advised that the Commission was pleased to have received the UK PA on time and is now analysing the text. The Welsh part of the UK PA was previously challenged not only over the thematic objectives 2 (ICT) and 7 (Transport), but also thematic objective 5 (Climate Change) The Commission will have around 550 Operational Programmes to approve for the 2014-2020 programme period.
32. In response to Members' questions, WEFO advised that the UK PA, which is published on the UK Government website, includes draft thematic financial allocations. The English chapter could possibly give rise to further delays, however the chapter has been improved considerably since the last version.

Item 9: Rural Development Programme – update on development and submission to the EC

33. Andrew Slade, Director, Agriculture, Food & Marine informed Members that the Rural Development Programme is part of the European Structural and Investment Funds (ES&I) and also part of the Common Agricultural Policy (CAP). Members were advised:
 - The Minister for Natural Resources and Food has identified 3 main aims for the RDP:
 - Competitiveness of Agriculture
 - The Environment (improve, enhance and protect)
 - Inclusive and resilient economic development (at a local/ community level).
 - The 2014-2020 RDP will be built around 4 key interventions:
 - Human and Social Capital
 - Capital Investment Measures
 - Land based schemes
 - Local economic development (through LEADER).

- The consultation on the final proposals for the next RDP closed on 14 April and 115 responses had been received from a range of stakeholders across Wales
- The total budget for the 2014-2020 RDP will be nearly a billion pounds. The Minister decided to transfer the maximum 15% from pillar 1 to pillar 2 of the CAP to bring extra funding into the RDP
- Wales RDP 2014-2020 was debated in Plenary on 29 April. There was a constructive debate and feedback, particularly in respect of the sustainability of farming, which will be factored into the proposals.
- Officials are in regular contact with the European Commission and will meet before the formal submission of the RDP planned for June 2014.

Item 10: Wales Rural Development Programme 2014-2020: National Rural Network Governance Arrangements

34. Andrew Slade advised the Committee that historically the Chair of the Wales Rural Network steering group had been appointed from the Membership of the RDP PMC. It was hoped that this approach could be replicated via the single ESI PMC, at the appropriate time. This would provide the opportunity to maintain a strong link to the Wales Rural Network.
35. Mr John RT Davies (IBERS) is currently acting as interim Chair of the Steering Group until new arrangements are in place.
36. Further information about the role will be brought to the Committee for consideration. However, Members needed to be clear of its relationship to the PMC and the time commitment involved prior to considering nominations to the role of Chair of the Wales Rural Network steering group

Action: Person and job specification for Chair of Wales Rural Network Steering Group to be provided to the Committee at a future meeting.

Item 11: Any other Business

37. The Chair suggested that a formal response from the ESI Managing Authorities to the recommendations of the Wales Audit Office Report: European Union Structural Funds 2007-2013, be tabled at the next meeting, 20 June 2014. It was noted that it was generally a very positive report, endorsing the hard work of WEFO.

Action: Managing Authorities to provide a formal response to the recommendations of the Wales Audit Office Report, for discussion at the next WPMC meeting.

38. The Chair thanked Members for their contribution to the discussions at the meeting. The next meeting will take place on Friday, 20 June 2014 at the Welsh Government office, Merthyr Tydfil.

**Wales PMC Secretariat
May 2014**

Wales PMC European Structural and Investment Funds 2014 -2020**1 May 2014, Welsh Government Office, Merthyr Tydfil****Chair – Jenny Rathbone AM*****Members nominated on a representative basis, from partners and statutory bodies:***

| | |
|-------------------------|---|
| Tom Whyatt | Business and Enterprise (Industry Wales) |
| Dr David Blaney | Higher Education (HEFCW) |
| Ann Beynon | Business and Enterprise (Commerce Cymru) |
| Professor April McMahon | Higher Education (Aber University) |
| Rhian Jardine | Environmental sustainability (Natural Resources Wales) |
| Marcella Maxwell | Welsh Government (Economy, Science & Transport) |
| Jocelyn Llewellyn | UK Government (Jobcentre Plus) |
| Iestyn Davies | Business and Enterprise (Commerce Cymru) |
| Matthew Quinn | Welsh Government (Sustainable Futures) |
| Cllr Ronnie Hughes | Local Government (WLGA) |
| Lowri Gwilym | Local Government (WLGA) |
| Tessa White | <i>Alternate for Phil Fiander</i> Third Sector (WCVA) |
| Rhian Nowell-Phillips | Farming and rural businesses (FUW) |
| Karen Anthony | Rural Economy (Country Land and Business Association - CLA) |
| Derek Walker | Social Economy (Wales Cooperative) |

Members selected via the Public appointments process:

| |
|---------------------|
| Dr Grahame Guilford |
| Sian Price |
| Beth Winkley |
| Joy Kent |
| David (Dai) Davies |

Programme Managing Authorities:**Welsh European Funding Office / Natural Resources & Food**

| | |
|------------------|---|
| Damien O'Brien | Chief Executive, WEFO (ERDF, ESF) |
| Andrew Slade | Director, Agriculture, Food and Marine (RDP) |
| Peter Ryland | Deputy Director Programme Performance & Finance (ERDF, ESF) |
| Rob Halford | Head of Planning & Strategy (ERDF, ESF) |
| Sue Price | Head of ERDF Programmes |
| Jane McMillan | Head of ESF Programmes |
| Vanessa Hansford | Regulations & Compliance |
| David Thomas | Implementation Manager (ERDF, ESF) |
| Angela Griffin | Secretariat |
| Lois Wilson | Secretariat |

Advisors

| | |
|-------------|------------------------------|
| Marek Beran | DG AGRI, European Commission |
|-------------|------------------------------|

Apologies

| | |
|-----------------------------|--|
| Margaret Thomas | Trade Unions (Wales TUC) |
| Professor Richard B. Davies | Public Appointee |
| Arfon Williams | Environmental NGOs (Wales Environment Link/ RSPB) |
| Dr Greg Walker | Further Education (Colleges Wales) |
| Catherine Jenkins | Welsh Government (Department for Education & Skills) |
| Paul Casey | Head of Research Monitoring & Evaluation |
| Martin Mansfield | Trade Unions (Wales TUC) |
| Dean Langley | Head of Regulations & Compliance (RDP, ERDF, ESF) |
| Terri Thomas | Head of CAP Planning Division |

| Meeting date | Action Requested | Latest Situation |
|--------------|---|---|
| 1 May 2014 | Secretariat to circulate possible dates and draft TOR for sub-group. | Sub-group have met on 2 occasions – 20 June and 5 August 2014. Draft ToR discussed at sub-group meeting 5 August. |
| 1 May 2014 | Person and job specification for Chair of Wales Rural Network Steering Group to be provided to the Committee at a future meeting. | On-going. |
| 1 May 2014 | Managing Authorities to provide a formal response to the recommendations of the Wales Audit Office Report, for discussion at the next WPMC meeting. | Agenda item 5 for 26 September 'shadow' PMC meeting. |

Wales Programme Monitoring Committee European Structural and Investment Funds 2014 – 2020

Sub-Group: MEASURING SUCCESS

Introduction

The Shadow PMC, at its meeting on May 1 2014, approved the establishment of a sub group to consider alternative approaches to the measurement of success and impact within European Structural and Investment Funds (ESI) programmes. The sub group has since met on three occasions and individual members of the group have carried out work outside group meetings to specifically examine approaches within the individual ERDF, ESF and RDP programmes.

The sub group has agreed Terms of Reference and these are attached as appendix 1. These Terms of Reference confirm that the sub group is a task and finish group with the objective of making a final report and recommendations to the (hopefully by then) PMC for the 2014-2020 ESI programme early in Q1 2015.

This is our first interim report. Further reports will be provided at meetings of the Shadow or full PMC prior to Q1 2015.

Initial Work and Emerging Themes

The starting point, and rationale, for the work of the sub group is that while parameters currently measured in ESI programmes have value in terms of short term monitoring and accounting, they are of more limited value in assessing the long term sustainable changes that are the ultimate aim of ESI funds. The remit of the group, therefore, is to consider what are the most important changes that we want to see as a result of the 2014-2020 programmes and how are we going to measure the degree of success in achieving them. These measurements would be in addition to the short term monitoring obligations which will continue as programme requirements.

The discussions of the group to date have recognised that measurement of sustainable impact must take account of three key elements:

1. The parameters to be measured
2. The methodology of measurement
3. The continuity and consistency of measurement in order to facilitate longitudinal analysis

The group also acknowledged that approaches taken in the past may not readily facilitate the longitudinal analysis that would ideally provide input to the new ESI programme although further work and discussions are planned to gain an improved understanding of the current position. The group's recommendations will then take account of what data is currently available and how gaps can be filled in a way that will create long term value.

Initial conclusions are that evidence for sustainable economic impact is best observed through the use of tools applied by the business community such as turnover, profitability, employment base and, in particular in the Welsh context, productivity. This recognises that businesses are the engine of economic growth and implies that ESI support should be delivered in a more business-centric manner. In other words, the delivery of support should start with an assessment of which businesses have high growth potential, followed by provision of an appropriate package of support linking financial, skills and professional support in a way that is allied to the demand drivers to which that business responds. This methodology requires the development of databases that provide information on potential recipients of support (businesses and individuals) and on the types of support available. These databases could provide both the information necessary to "mix and match" recipients and providers and also to monitor, over time, the impact of the support provision. This would require, of course, an acknowledgement by recipients that appropriate interaction with the databases was a condition of receiving support. That interaction should be seen in the same context as the normal collection of management information in a business.

The group has made an initial consideration of the way in which skills provision could be integrated with a more business-centric approach to support. ESF programmes have traditionally taken a strongly supply side approach to provision and have two elements to them. One addresses the skills needs of people who are within, or very close to, the workplace and the group felt that this element was amenable to the more demand led approach outlined above. However, the second element focusses more heavily on social cohesion, social inclusion, economic inactivity and support for individuals who are distant from the work place and have challenges in accessing employment. These latter aspects will remain prominent and important in the new programme and further work will be required in relation to measures of success.

The integration of the rural development programmes with the ERDF and ESF programmes makes it easier to consider agriculturally based businesses within a broader business context, for example market segmentation, and the group believes that its consideration of impact measures should treat agricultural businesses in the same context as the wider business community

The group anticipates two further meetings before the end of 2014 together with continuing work outside those meetings around the three key elements referred to above.

Appendix 1

TERMS OF REFERENCE

MEMBERSHIP

Members of the Wales PMC:

| | |
|---|--|
| Grahame Guilford (sub-group CHAIR) Consultant (PMC Public Appointment) | |
| Ann Beynon | Equality Commissioner EHRC |
| Iestyn Davies | Head of External Affairs at the Federation of Small Businesses |
| Lowri Gwilym | WLGA - Europe and Regeneration |
| Jocelyn Llewelin | Senior External Relations Manager, DWP Jobcentre Directorate |
| Jenny Rathbone | Assembly Member |
| Tom Whyatt | Industry Wales |

Managing Authority Officials

| | |
|--------------|--|
| Paul Casey | WEFO, Research Monitoring and Evaluation |
| Rob Halford | WEFO, Planning & Strategy |
| Sue Price | WEFO Programme Management & Delivery |
| Terri Thomas | CAP Planning |

Advisors

- Welsh Government and non-Welsh Government technical and sectoral experts as required.
- Input from the Evaluation Advisory Group and the Monitoring and Evaluation Workstream.

Secretariat

WEFO

PURPOSE

The Measuring Success sub-group is a time limited, task and finish group which will:

- examine the challenges associated with monitoring and evaluating the performance of European Structural & Investment Fund (ESIF) programmes in Wales, in adherence with European Commission requirements; and
- help guide the further development and refinement of a robust methodology for measuring the success of the 2014-2020 ESIF programmes, taking account of the intervention logic that underpins the operational programmes agreed with the European Commission, the work already undertaken by the Evaluation Advisory Group (EAG) and the Monitoring and Evaluation Work stream (MEWS) and the context in which the ESI programmes are to be delivered, particularly the performance of the Welsh economy.

KEY OBJECTIVE

To determine whether there are improvements that can be made to the way in which the Welsh Managing Authorities' propose to approach the monitoring and evaluating of the 2014 -2020 ESIF programmes and to make associated recommendations to the WPMC.

PROCESS

To achieve its key objective the Sub-Group will review the monitoring and evaluation methodologies proposed by the Managing Authorities, taking into account::

- the programme design principles of 'concentration, integration and simplification
- the strategic relationship between the operational programmes agreed with the European Commission and the draft Economic Prioritisation Framework .
- How best to measure the extent to which interventions concentrate on identified economic and spatial opportunities.
- The best means of measuring the extent to which there is integration and complementarity between EU funded interventions
- How to measure the extent of investment leverage achieved through the deployment of EU funds
- How to determine the extent to which 'portfolio management' is being achieved in practice.
- whether interventions truly align with established imperatives; e.g.: 'smart specialisation'
- the programme life cycle – and the project pipeline – in terms of the timing and reporting of measurements of success

- the extent to which it is possible to determine and differentiate between outcomes produced by EU funded interventions and those brought about by other economic or social stimuli
- the extent to which quantitative versus qualitative analysis is required to measure success
- whether there are particular tools and techniques that need to be deployed that are not already in use.

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

Title: Horizon 2020 - Overview and details of potential integration with mainstream EU funds

Issue

1. To provide the PMC with an overview of Horizon 2020 and the potential integration and synergies with mainstream EU Funding in particular the European Structural and Investment Funds (ESI).

Recommendation

2. Members are asked to note the contents of this paper.

Background

3. Horizon 2020 is the biggest EU research and innovation programme ever, worth 79 billion Euros over a 7 year period (2014-2020). It is helping to achieve the Europe 2020 Strategy for smart, sustainable and inclusive growth by coupling research to innovation, focussing on three key areas: Excellent Science, Industrial Leadership and Societal Challenges. The goal is to ensure Europe produces world-class science and technology that drives economic growth.
4. Horizon 2020 is delivered directly by the European Commission. Work Programmes announce the specific research and innovation areas that will be funded and are designed at EU level, evolving annually with a planning perspective of 1-2 years. Funding is approved on a competitive basis, usually following specific calls for proposals with set deadlines.
5. There is no pre-defined geographical distribution of funding; the emphasis is on research excellence, the other main criteria for evaluation being impact and the quality and efficiency of the implementation. There is however an increased emphasis on innovation and closer to market actions in Horizon 2020 compared to previous funding programmes such as Framework Programme 7 (FP7), therefore increasing the potential for synergies with ESI activity.
6. The overwhelming majority of calls for proposals require organisations to be part of a European consortium between a minimum of 3 Member States or Associated Countries (such as Iceland, Norway and Turkey). Exceptions include the fundamental research supported through the European Research Council (ERC) element and parts of the new SME Instrument with its focus on SMEs with ground-breaking ideas with a high market potential of European or international significance.

European Commission expectations

7. The European Commission and Member States are mandated by the regulations that lay down the rules for the ESI funds, Horizon 2020, and other EU programmes directly managed by the Commission in the areas of research, innovation and competitiveness such as COSME, to ensure coordination, synergies and complementarities between the funds.
8. The Commission has released guidance on how the funds should work together. There should be no substitution of national/regional or private co-funding to EU projects/programmes under direct Commission management by ESI money (and vice versa). There must be no double financing - in no circumstances can the same costs be financed twice by any EU budget. The guidance also makes it clear that synergies can mean joint or coordinated efforts to achieve greater impact and efficiency, not just combining ESI and Horizon 2020 money in the same operation. These synergies could be through successive operations that build on each other or through parallel operations that complement each other.

Integrating ESI and Horizon 2020 Funding in Wales

9. The 2007-2013 ERDF programmes included the aim of building capacity to improve access to FP7 (Horizon 2020's predecessor) but the ERDF programmes' strong focus on SMEs and commercialisation of research limited the extent to which this could be supported. That said a number of targeted investments were made in areas of research identified in the Science for Wales strategy (Grand Challenge areas) that have built capacity which in turn is starting to attract competitive research funding.
10. Dr Grahame Guildford's independent review undertaken on the implementation arrangements for structural funds encouraged the consideration of ways in which the Structural Funds can be used synergistically alongside Horizon 2020. The Guilford Report recommended making synergistic or marginal investments in areas in which critical mass (latent capability) already exists. "Latent capability" includes areas of strength that include resources, expertise and people, are broad enough for the involvement of the entire Welsh economic ecosystem and are capable of attracting external funders such as Horizon 2020.
11. In terms of the 2014-2020 programmes, the Research & Innovation Priority of the draft ERDF programmes has a clear emphasis on integration and synergies with competitive research funding such as Horizon 2020. Potential beneficiaries will need to demonstrate under the core criterion strategic fit how they will integrate with such funding sources and, particularly in the case of capacity building activity, how they will increase their success or the success of others in attracting such funding to Wales, including the agreement of formal research income targets wherever appropriate.
12. There will also be links made with potential investments in higher skills from the European Social Fund (ESF) programmes and innovation activity supported under the European Agricultural Fund for Rural Development (EAFRD) and European Maritime and Fisheries Fund (EMFF) programmes. The draft EAFRD programmes make a commitment to engage with the European Innovation

Partnership (EIP) for Agricultural Productivity and Sustainability including the establishment of an “EIP Wales”. The EIP network has close links to the Horizon 2020 programme and formal engagement should help increase Wales’ influence over the nature of relevant calls under Horizon 2020 and provide other insights which should lead to an increase in the success rate of Welsh organisations in accessing the funding.

13. Additionally, to achieve greater concentration and prioritisation of resources the Economic Prioritisation Framework (EPF) will help give direction on the focus and synergistic use of the funds. This is particularly pertinent for the advanced manufacturing and life sciences & health thematic economic opportunities which identify Horizon 2020 as part of the key demand drivers.

14. It is therefore expected that integration and/or synergies will be demonstrated through investments that support:

- Complementary activity to areas funded through Horizon 2020 – such as applied research, experimental development, and commercialisation of research in related areas including research funded by FP7 or Horizon 2020 (‘downstream activity’);
- Building capacity to improve, exploit and share excellence – for example through targeted investments in centres of excellence (people as well as infrastructure) that would look to access a range of research funding including Horizon 2020 (‘upstream activity’); and
- Addressing barriers to accessing Horizon 2020, such as access to expertise, funding or training.

15. WEFO is working closely with Welsh Government policy colleagues including the Chief Scientific Advisor on ensuring Horizon 2020 activities and ESI investments are strategically aligned. There has also been a high level of engagement with the Higher Education sector, including individual universities, HEFCW, Higher Education Wales and Welsh Higher Education Brussels and interest is also building in our business community. Additionally, the Welsh Government’s Innovation Strategy (‘Smart Specialisation’) and the related Innovation Board will also inform which investments might be most effective in bridging the gap to Horizon 2020.

16. However, whilst we expect a high degree of synergy between Horizon 2020, Welsh Government policy and the ESI funds, it is important to note that each has a different focus. Increasing participation in Horizon 2020 of itself is not necessarily intended to be the primary focus for Structural Funds investments.

WEFO’s Horizon 2020 Unit

17. The Horizon 2020 Unit was set up in January 2013 as part of the Research & Innovation Branch of WEFO’s ERDF Division in anticipation of the increasing emphasis from the European Commission on integrating ESI funds and Horizon 2020. Working closely with Welsh, UK and European partners the Unit provides a ‘one-stop-shop’ for integrated, consistent and targeted advice and support to Welsh organisations looking to access Horizon 2020. The Unit has developed and contributed to a number of awareness raising and technical events across

Wales and over 50 travel or bid writing grants have been provided to Welsh organisations, including a number of SMEs, looking to develop Horizon 2020 bids through the Unit's SCoRE Cymru scheme. The Unit is also directly involved where appropriate in the pre-planning discussions with potential beneficiaries seeking support from the ERDF and/or ESF under the 2014-2020 programmes, ensuring that opportunities for integration and/or synergies are identified and maximised; and with EAFRD colleagues on their plans for "EIP Wales".

18. To ensure the Unit is able to deliver maximum value WEFO commissioned CM International to carry out a study into how best to support Welsh organisations to maximise their uptake of the opportunities provided by Horizon 2020. A wide range of research and innovation stakeholders were engaged in the study to ensure that any gaps in support were identified and options to fill those gaps fully explored.
19. The study identified five main 'gaps' in the provision or areas where the Horizon 2020 Unit or partners could provide valuable services to help Welsh organisations access H2020 funding including:
 - An intelligent clearing house for information and advice
 - Turning interested organisations into applicants
 - Building successful consortia and partnerships
 - Visibility, engagement and excellence
 - Smart specialisation, Horizon 2020 and the Stairway to excellence
20. The findings provide a sound basis for decisions on further interventions in the support structure in Wales for accessing Horizon 2020. The Unit are considering a number of actions in response to the recommendations in the report, including the important role ESI funds are likely to play. The final report from CM International is available on the WEFO website.

WEFO Lead: Geraint Green
Approved by: Sue Price
Date: 8 September 2014

WEFO RESPONSE TO THE WALES AUDIT OFFICE REPORT ON EUROPEAN STRUCTURAL FUNDS 2007-2013

Issue

To inform the PMC of WEFO's response to the recommendations of the Wales Audit Office Report: European Union Structural Funds 2007-2013.

Members should note that the scope of the report is limited to the two Structural Funds (ERDF, ESF) and therefore does not consider the Rural Development Programme or European Fisheries Fund.

Recommendation

Members to note paper.

Background

The Auditor General for Wales published his report on 24 April 2014. The report examined the administration of European Union Structural Funds 2007-2013 by the Welsh European Funding Office as the Managing Authority.

More specifically, the report considered whether the 2007-2013 Programmes have been administered effectively by WEFO and are on track to deliver their intended benefits. In constructing the report, the following methodology was applied:

- examination of progress against targets for the allocation of funding, expenditure and outputs;
- reviewing the administration of the Programmes;
- case studies; and
- a survey of beneficiaries ('project sponsors').

The two overarching conclusions of the report were:

- a. *"Programmes have progressed relatively well overall despite certain difficulties, but it is too early to fully assess their overall impact"* (Page 30),
- b. *"Management arrangements are effective and have improved since the previous programming round despite some interruption in the early stages of programme implementation"* (page 59).

WEFO has accepted the 12 key recommendations set out in the report (see Annex 1).

Four recommendations have already been implemented in full. A further three have been partially implemented and the remaining recommendations will either be fully implemented by the end of 2014 (subject to the approvals by the European Commission of the UK Partnership agreement for the 2014-2020 programme period and approval of the Wales Operational Programmes) or - for those relating to the monitoring of operations - will be progressed as the implementation of the new programmes commences.

Annex 1: Key Recommendations

| Recommendation | Response |
|--|--|
| <p>1. Improve guidance on timescales</p> <p><i>To help ensure that expectations are more closely aligned at the outset for future programming rounds, we recommend that WEFO publishes guidance that explains the content, purpose and likely duration of each step of the process leading up to project approval, indicating the most common causes of uncertainty and delay and how such problems may be averted or mitigated. The guidance should set out the responsibilities of both the sponsor and of WEFO for ensuring that the process runs smoothly and with minimal delay.</i></p> | <p>Accept</p> <p>Guidance on the initial stages of applying for EU funding has already been published on the WEFO website.</p> <p>This sets out the detailed requirements of the Pre Planning stage for beneficiaries (sponsors) and WEFO in terms of the information required for WEFO to determine whether an operation (project) should proceed through to the Business Planning stage.</p> <p>Detailed guidance on the selection process during the Business Planning stage is currently being drafted. (This will similarly explain in detail the required content and purpose of the nine selection criteria).</p> <p>This will minimise the risk of any uncertainty and delay for the beneficiary in terms of the specific evidence that WEFO will require from beneficiaries to undertake each selection criterion assessment.</p> <p>Once the operation has entered the business planning stage, WEFO will set a timescale for the first selection criterion assessment. Further timescales will be set as the operation proceeds through the selection process, with WEFO regularly</p> |

| | |
|---|--|
| | <p>monitoring progress to ensure that evidence is being gathered in a timely manner and delays are minimised.</p> |
| <p>2. Delivery Models</p> <p><i>(a) WEFO specifies its policy on delivery models (and procurement more specifically) at the outset of the next programming round, making any changes to the current policy in consultation with stakeholders while the operational programmes are being developed, and subject to any changes required by the Commission.</i></p> <p><i>(b) WEFO reviews the capacity of project sponsors to run effective procurement exercises and builds capacity</i></p> | <p>Accept</p> <p>(a) WEFO will set out the delivery models from the outset of the 2014-2020 programmes. The models will reflect emerging EU Regulations and Directives on State Aid and Public Procurement as well as recommendations from the feedback received from the European Commission.</p> <p>WEFO has engaged with stakeholders on the key elements of the new delivery models – for example, examining the potential impact of the new EC Public Procurement rules and assessing the continued appetite for collaborative approaches to management and delivery.</p> <p>Key elements of information on delivery models are already in place, and following independent recommendations (including R4 of this report), there are no fundamental changes to the current arrangements.</p> <p>Some important features, such as simplified costs options, are yet to be covered by guidance from the Commission but WEFO is already working with a number of potential beneficiaries on models which can be used now with confidence in their eligibility under the regulations.</p> <p>(b) The co-ordination of expert and specialist technical advice for beneficiaries falls within the scope of the Technical and</p> |

| | |
|---|--|
| <p><i>where appropriate. This may include the provision of procurement expertise to a wider range of sponsors using technical assistance (only voluntary bodies currently benefit), training and dissemination of good practice.</i></p> | <p>Financial Appraisal Team following changes introduced in June 2013. Specifically, this includes procurement advice, and it is the team's responsibility to ensure that where appropriate, effective procurement advice forms part of the overall financial due diligence work undertaken.</p> <p>The commitment extends to all beneficiaries and will be set out in the statement of Management and Control Systems (currently being drafted) ensuring that this becomes a regulatory requirement and is consistently applied.</p> |
| <p>3. Strategic guidance on priorities</p> <p><i>(a) Strategic guidance (in the form of the Economic Prioritisation Framework or otherwise) should be as specific as possible about types of activity, target beneficiaries and delivery approaches, including relative priorities, whilst recognising the constraint that specific projects cannot be guaranteed funding unless and until they have gone through the appraisal process and been approved; and</i></p> | <p>Accept</p> <p>(a) WEFO has accepted the recommendation in the Guilford Report (Review of Arrangements for Implementation of the European Structural Funds Programmes 2014-2020) for the use of an Economic Prioritisation Framework to ensure greater focus and concentration in the deployment of Structural Funds and to prioritise operations which align with key opportunities for economic growth.</p> <p>The Operational Programmes set the overall objectives for each programme, the results to be achieved, the types of activity to be supported and the target beneficiaries; along with approaches to delivery models (specific guidance documents on delivery models will also be provided).</p> <p>The Economic Prioritisation Framework will enable the effective focusing of the activities set out in the Operational Programmes by setting out the key economic opportunities</p> |

| | |
|--|--|
| <p><i>(b) The guidance is updated regularly, with an emphasis on identifying actions to exploit any new opportunities or to address problems or gaps in delivery.</i></p> | <p>for economic growth in Wales and the investment context around each, providing clear direction on the opportunities for deploying Structural Funds to add the best value within that overall context, i.e., the 'gap'. WEFO has engaged with internal and external stakeholders on the development of the Framework, which is available on the WEFO website.</p> <p>(b) The Framework is now available on the WEFO website.</p> <p>It is a live document and will be reviewed regularly over the lifetime of the Programmes to identify the ongoing 'gap' for the use of EU funding. It will do this by capturing any changes to the economic context and the opportunities identified and updating the overall investment context, inclusive of the emerging portfolio of EU funded operations.</p> <p>It also indicated the backbone areas underpinning each of the opportunities; future iterations will capture the backbone operations supporting each of those areas.</p> |
| <p>4. Implementation processes</p> <p><i>(a) WEFO make no major changes to the current process, but consider opportunities to simplify or clarify certain aspects of the process as part of its work to develop the 2014-2020 programmes;</i></p> | <p>Accept</p> <p>(a) This recommendation is in line with the Guildford Review of Arrangements for the Implementation of European Structural Funds programmes 2014-2020 which similarly stated that WEFO operated “an operationally compliant delivery mechanism” in which a significant level of experience and maturity has been established”.</p> |

| | |
|--|---|
| <p><i>(b) Publish guidance in good time for the launch of the next programming round so that applicants have access to comprehensive guidance from the outset; and</i></p> <p><i>(c) Make guidance as specific as possible, to avoid complaints about ambivalent guidance and inconsistent application by PDOs</i></p> | <p>Changes have therefore only been made that strengthen, simplify or harmonise the processes already in place or where directly required as a result of changes in regulations. For example, the addition of the Pre Planning and Mobilisation stages (as described under recommendation 5).</p> <p>In addition, the selection criteria have been streamlined from twelve criteria under the 2007-2013 programmes to nine under the 2014-2020 programmes. The evidence needed for assessment under each criterion will be published on the WEFO website, along with the methodology of proceeding through appraisal.</p> <p>(b) Guidance on the initial stages of applying for EU funding has already been published on the WEFO website. Detailed guidance on the business planning stage is currently being drafted.</p> <p>(c) The detailed assessment guidance on the business planning stage will set out the specific evidence requirements under each selection criterion. Desk instructions for WEFO staff will outline how the consistent awarding of high, medium, low or minimal ratings against each criterion will be achieved depending on the beneficiaries' response to these evidence requirements.</p> |
| <p>5. Setting clear milestone</p> | <p>Accept</p> |

| | |
|---|--|
| <p><i>We recommend that a clear understanding is agreed with project sponsors at the outset of project development so that each party knows what is required of them by when, and that the key milestones in project development are monitored by WEFO so that allegations of undue delays can be investigated.</i></p> | <p>The issue was also recognised by the Guilford Review of Arrangements for the Implementation of European Structural Funds Programmes 2007-2013. The Guilford Review recommended the addition of the Pre Planning and Mobilisation stages to the selection process.</p> <p>Guidance on the initial stages of applying for EU funding has already been published on the WEFO website. This sets out clearly the Pre Planning stage in terms of the information required to proceed through to the Business Planning stage. Visibility of each of these stages allows WEFO and beneficiaries to build up a realistic timetable, with clear deadlines and responsibilities for who should be progressing the proposal at each stage.</p> <p>Once the operation has entered the business planning stage, WEFO will agree with beneficiaries a timescale for the first selection criterion assessment. Further timescales will be set as the operation proceeds through the selection process, with WEFO regularly monitoring progress to ensure that evidence is being gathered in a timely manner and delays are minimised.</p> <p>The Mobilisation stage immediately follows approval and is a formal acknowledgement that operations need a period of time to prepare for delivery. Mobilisation milestones will be agreed with the beneficiary and WEFO will closely monitor the timely achievements of these milestones to ensure that the risk of delay is minimised.</p> |
| <p>6. Development of Strategic Projects</p> | <p>Accept</p> |

(a) Work begins before the new programmes are launched on developing key 'strategic' projects, with the aim of approving them as soon as possible of the approval of the operational programmes; and

(b) WEFO require the timetable for project delivery to include key milestones for the mobilisation and delivery phases, and uses this timetable to challenge and amend unrealistic timescales, which often underlie over-optimistic spending profiles.

(a) WEFO has already identified an initial list of key strategic EU funded or 'backbone' areas to support early approval of operations. This list is included in the Economic Prioritisation Framework and includes a range of Welsh Government and other partner activity.

The backbone areas have been organised according to the activity headings identified as part of the Guilford Review and each will be expected to interact with others to ensure a level of strategic integration. This will ensure that gaps in provision are not experienced and there is a seamless transition for backbone activities from the 2007-2013 programme into the 2014-2020 period.

(b) This is closely aligned to R5. During the business plan development and assessment process WEFO will require all proposed operations to identify the key milestones for mobilisation and delivery. These milestones will be robustly challenged during the assessment of the selection criteria and closely monitored during the post approval mobilisation stage.

Review meetings held during the delivery stage will have an increased emphasis on the achievement of key milestones

| | |
|--|---|
| | and indicators as well as the achievement of spend targets. |
| <p>7. Target Setting</p> <p><i>(a) Given the fact that most ESF programme targets have been exceeded by a wide margin, targets for the new programming round should be set at a challenging but realistic level based on current economic conditions and experience to date in the current programming round.</i></p> <p><i>(b) For the next round of ESF programmes, the definition of an unemployed participant should be aligned with that used by the Labour Force Survey. Currently the ESF Programmes only count Jobseeker's Allowance claimants as unemployed, but this tends to over-state the extent to which the programmes are targeting the most disadvantaged, economically inactive population.</i></p> | <p>Accept</p> <p>(a) All targets are set and agreed with the Commission either as part of the negotiation of the Programmes at the outset or during subsequent programme modifications. For the 2007-2013 ESF Programmes the targets take account of the relevant client groups agreed with the Commission and any changes in the economic conditions and the labour market experienced during the programming period. The direction of the 2014-2020 ESF Programmes, if approved with the Commission, will see an even greater emphasis on individuals who are at most at risk of poverty, exclusion and disadvantage. Targets agreed with the Commission for the next round of Programmes have yet to be set on the basis of performance data from the current Programmes and considerable research both by WEFO and the Commission. Both organisations will be very keen to achieve and demonstrate good value for money in the use of ESI funds.</p> <p>(b) WEFO will continue to use the Labour Force Survey definitions for unemployed and economically inactive for the purposes of the ESF Leavers Surveys to enable comparison with other datasets. The Labour Force Survey definitions will also be considered for programme monitoring purposes. This will be discussed with stakeholders and considered in</p> |

| | |
|--|---|
| <p>(c) <i>WEFO replaces the 'profit benefit' monitoring indicator with one that is more clearly defined and easier to measure, such as increase in turnover or cost reduction arising from EU funding.</i></p> <p>(d) <i>WEFO should strengthen its focus on monitoring output targets to ensure that output targets, including the distribution of outputs between target groups and geographical areas where appropriate, are agreed and monitored by all project sponsors at regular intervals.</i></p> <p>(e) <i>Programme monitoring reports should include full explanations of any significant variations from expected figures, including significant shortfalls in the proportion of participants from disadvantaged groups or other evidence of potential gaps in project delivery. The Committee should discuss progress against output and result targets for each</i></p> | <p>the context of the need for simple definitions that are practical for operations to use and the need for consistency with the revised UK government policy in this area.</p> <p>(c) During the development of the indicator set for the 2014-2020 programme period it was decided not to include profit benefit (due to issues relating to attribution) as a monitoring indicator and instead to consider the benefits in this area via evaluation.</p> <p>(d) WEFO requires that all operations report their indicators when submitting claims for the reimbursement of expenditure. This requirement will continue into the new programmes. It will however, be enhanced, as the European Commission requires projects to provide the individual and enterprise level information to support the financial claims. Currently WEFO allows operations to report individual and enterprise data on an agreed (and some times different) timescale from the actual claim. The new approach for 2014-2020 will also be subject to audit and verification by the EC.</p> <p>(e) Reports to the 2014-2020 Programme Monitoring Committee will include an enhanced discussion of progress of the Programmes to include an explanation of any significant variations from expected figures, including against the different target groups. The Shadow PMC is setting up a</p> |
|--|---|

| | |
|---|---|
| <p><i>programme at least annually and recommend any actions to address any shortfalls.</i></p> | <p>sub-group to examine how performance is to be reported in the next round of programmes.</p> |
| <p>8. Monitoring procurement outcomes</p> <p><i>We recommend that WEFO monitor the value of contacts awarded to Welsh based companies and SMEs</i></p> | <p>Accept</p> <p>Monitoring information required by the Commission for 2014-2020 includes closer monitoring and data collection on procurement. The new programme will record the value of the contract, the name of the company and the registered address of that company.</p> |
| <p>9. Streamlining audit and inspection</p> <p><i>We recommend that, for the 2014-2020 programming rounds, WEFO review the scope of each element of the audit and inspection regime with a view to removing unnecessary duplication, coordinating work to develop a risk-based approach as far as practicable, and building on its existing preventive work.</i></p> | <p>Accept</p> <p>WEFO is currently reviewing options on how best to undertake the management verifications for the 2014-2020 programmes and are awaiting feedback from the recent European Commission audit of WEFO's management verifications. But it is recognised that duplication can arise to a degree under current arrangements and there should be scope to consolidate elements of the management frameworks.</p> <p>WEFO has sought to build on its existing preventative work and is seeking to develop an efficient and economic risk-based inspection process that addresses EC requirements and minimises error rates.</p> |
| <p>10. Improving data quality</p> <p><i>(a) More rigorously enforce data quality standards so that sponsors provide timely, accurate and complete information on participants and businesses; and</i></p> | <p>Accept</p> <p>(a) WEFO will communicate clearly with beneficiaries at an early stage in the application process in terms of the data they will be required to provide WEFO as a condition of grant. This will be followed up at review meetings and payments will be</p> |

| | |
|---|--|
| <p>(b) Consider replacing the provision of participant data on spreadsheets with an interactive database whereby sponsors enter data directly in a prescribed format, thus improving the quality of data submitted, reducing the risk of duplicate outcomes and reducing administrative costs for WEFO.</p> | <p>withheld if beneficiaries do not comply with these requirements. The new EC regulations require an enhanced monitoring of participants and enterprises to support financial claims. WEFO will be implementing this in line with the regulations.</p> <p>(b) To facilitate the enhanced monitoring WEFO is exploring IT enabled systems that will check the data prior to submission and not allow the financial claim to be submitted unless all the data fields for individuals and enterprises are completed. This is in the development phase at the moment and will be subjected to significant testing prior to release.</p> |
| <p>11. Business Surveys</p> <p><i>To improve data quality, we recommend that WEFO undertake the ERDF Business Survey on an ongoing basis, perhaps at a specified interval after the completion of support for a particular business, with periodic reporting of results to provide evidence of impact.</i></p> | <p>Accept</p> <p>The stricter requirements in relation to the collection of business-level data by operations will facilitate more regular surveys. However part of the problem encountered with undertaking these surveys is the availability of data from other datasets to form a counterfactual group on which to assess the effectiveness of the interventions.</p> <p>Whilst WEFO is making progress to improve its data quality it can not affect the provision of these other datasets. Therefore the survey regularity will always be subject to external influences over which WEFO can exert no pressure. So whilst it will be possible to undertake surveys on a more regular basis it is important not to compromise the quality of the methods that are being used.</p> |
| <p>12. Improving evaluation</p> | <p>Accept</p> |

(a) Enable project sponsors to use data relating to their projects from programme wide evaluations (especially the ERDF Business Survey and the ESF Leavers' Survey) for project evaluation wherever appropriate (i.e., subject to relevance and to data protection and security requirements).

(b) Encourage and assist sponsors of similar projects or activities to commission joint evaluations or to collaborate on methods and good practice where a single evaluation would not be appropriate. In particular, WEFO should seek a common approach to evaluating soft outcomes, employment effects and other key impact indicators for the main themes, and ensure that such information is collected on an ongoing basis to inform project and programme management.

(a) WEFO already shares some data from programme-level evaluations with beneficiaries for the purposes of operation-level evaluations but intends to do this much more frequently in the 2014-2020 period. Although there are some data security and data protection issues to be considered, WEFO is committed to maximising the use of evaluation data to ensure that the greatest value possible is obtained from investment in evaluation.

(b) WEFO will continue to provide guidance and support to beneficiaries to ensure operation evaluations are undertaken as consistently as possible to allow the evaluations to be synthesised at programme level. Evidence from the previous programming period suggests that the beneficiaries do not favour having generic soft outcome monitoring systems forces on them but WEFO will work with beneficiaries to ensure that soft outcomes are collected systematically and stored in a way that enables analysis, e.g. by being stored electronically.

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

UK Partnership Agreement and Structural Fund Programme Development

Issue

1. To provide the PMC with an update on the UK Partnership Agreement (UK PA) and the development of the Structural Fund Operational Programmes (OPs).

Recommendation

2. The PMC is asked to note progress and the future timetable.

Background

3. The Department for Business, Innovation and Skills (BIS) is leading on preparation of the UK PA. The intention was that the document would be adopted earlier this year. However, there have been delays, mainly due to the ongoing issues surrounding the England Chapter.
4. Negotiations on the Structural Fund OPs are drawing to a close and should be completed at broadly the same time as those for the UK Partnership Agreement.
5. We are now waiting for the UK Government to resubmit the UK PA before the final formal processes can begin.

UK Partnership Agreement

6. Welsh Government Officials have helped in strengthening and restructuring the UK PA to help address the Commission's feedback following formal submission on 17 April 2014. The majority of these related to justification of England's investment proposals and its local delivery proposals via the Local Enterprise Partnerships. The UK Government informally resubmitted the UK PA on 13 August, and received further feedback on the 9 September.
7. This latest feedback is generally positive but contains a few remaining issues essentially surrounding the lack of focus in the England chapter. There are no major issues relating to the Welsh chapter or those of the other devolved administrations with only minor points of clarification required.

Welsh Chapter

8. The Welsh Chapter has been essentially complete for some time. However, WEFO has continued to refine this in light of the EC's inter-service

consultation comments and our on-going informal discussions with them over the draft Welsh OPs.

Operational Programmes

9. The two Welsh ERDF programmes (West Wales & the Valleys & East Wales) were resubmitted for the final time on 28 August 2014. It is anticipated the only remaining changes will be minor technical ones. Following receipt of formal feedback from the Commission in August, the draft ESF programmes have now been revised, with a further negotiation meeting having taken place with the Commission on 9 September to ensure that the issues raised have been addressed satisfactorily. The revised ESF programmes will be submitted by the 15 September, with DG Emploi anticipating a final round of internal consultations, over a period of 6-8 weeks, before final approval can be given.
10. All major issues raised by the Commission have now been addressed and WEFO does not anticipate anything significant materialising during the remaining negotiations.
11. The delay has not stopped WEFO from engaging with potential project sponsors and developing proposals ready to start delivery as soon as the programmes are formally approved.

Timetable

12. Negotiations with the Commission are progressing well, but approval of the Welsh OPs is dependant upon approval of the UK PA. BIS and a UK delegation are meeting Commission officials on 17 September to discuss and hopefully finally resolve the outstanding issues prior to formal resubmission later this month. WEFO will assist in helping them address outstanding issues as a priority.
13. It is anticipated that the formal adoption process is likely to take 3 – 4 weeks which means that the document could be approved towards the end of October.
14. For the ERDF Programmes, at least, the Commission has indicated a willingness to consider these in parallel with the UK PA (we will be the first EU region to be treated this way as it is normally a sequential process) which means that they could be approved at the same time, or very shortly after, the UK PA. We anticipate that approval of the ESF programmes will follow shortly afterwards, with everything hopefully being approved towards the end of October or beginning of November.

Next Steps

15. The PMC will be kept informed of progress.

WEFO Lead: Paul Smith
Approved by: Rob Halford
Date: 12 September 2014

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

Rural Development Programme – update on progress

Issue

1. To update the Committee on progress with the approval process for the Rural Development Programme 2014-2020 (RDP).

Recommendation

2. For information only.

Background

3. CAP Planning Division within the Welsh Government has responsibility for developing and submitting the next RDP to the European Commission (EC). The process for developing the RDP is significantly prescribed by the EC and the approval process will follow a chain of logic. The RDP draws upon a situational analysis that incorporates a SWOT analysis and the interventions proposed are consistent with the needs and opportunities that have been presented. The programme must also show a significant degree of consultation with stakeholders to validate both the analyses and the RDP proposals. This process has been followed and it has been validated by an independent evaluator as part of our submission process.
4. Due to delays in producing the European legislation there will be a phased implementation of the RDP programme with some schemes starting from 1 January 2015 with transitional activity taking place until then.

Recent Developments

5. The RDP was submitted to the European Commission (EC) on 11 July 2014. The RDP is at a high level - what the EC calls “Measures” – and does not contain the more detailed “schemes” that we will deliver to beneficiaries.
6. Commission Delegated Regulation (EU) 807/2014 and Commission Implementing Regulation (EU) 808/2014 were published in Official Journal of the European Union on 31 July. They provide the more detailed rules on how to implement the Rural Development Programme and enables us to move forward with more detailed planning.
7. Welsh Government officials are in the process of developing a number of schemes that will be recognisable to potential applicants. Scheme details are subject to change until the EC have approved the final programme document

Next Steps

8. The EC has begun formal consideration of our RDP application, and we have had a number of positive informal meetings with them already. We expect to receive first written comments in September and the following months will include a succession of information exchanges followed by negotiation on the programme. Early indications from the EC are that they expect to complete this process and approve the application before December 2014.
9. CAP Planning Division is currently creating Task and Finish Groups, with the inclusion of external stakeholders, to refine ideas for the individual elements in the RDP and to continue working in partnership during scheme development.

Agriculture, Food and Marine/ Welsh Government

Lead: Terri Thomas

Approved by: Andrew Slade

Date: 9 September

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

LEADER (Local Action Group) developments

Issue

1. To update members on progress with the LEADER element of the new Rural Development Programme (RDP).

Recommendation

2. Members are asked to note the paper.

Background

What is the LEADER rural development methodology?

3. 'LEADER' is the term used to describe a special type of local development approach for rural areas. The name LEADER comes from the French abbreviation for 'Liaison Entre Actions pour le Development de L'Economie Rurale' (which roughly translates to 'links between those involved in developing the rural economy').
4. LEADER's approach involves a rural development methodology based on a number of core components including partnership, 'bottom-up' territorial development, innovation and cooperation.
5. LEADER methodologies are implemented by local area partnerships which bring together public, private and civil society sector organisations. A LEADER partnership is known as a Local Action Group (LAG). LAGs are made up from a cross section of local communities and LAG members including representatives from, among others, local authorities, business groups, third sector or social organisations and environmental bodies. These multi-sector LAGs bring together a large centralised knowledge base of skills and ensure an equitable coverage of interests. Each LAG has a lead partner, which acts as the Accountable Body for the LAG.

6. All LAGs are required to prepare a Local Development Strategy (LDS) before they start distributing European Agricultural Fund for Rural Development funds (EAFRD) to LEADER projects. The LDS involves an in-depth analysis of a LAG territory to identify what local people believe is most important for the development of their area. The LDS also clarifies what issues the rural population considers to be the main challenges that LEADER funds should be used to tackle. A considerable amount of community consultation is required to produce an LDS and the procedure helps to provide the LAG with a built-in 'bottom-up' direction for their LEADER work. All LAG projects supported by the EAFRD must fit with the aims of the LAG's LDS.

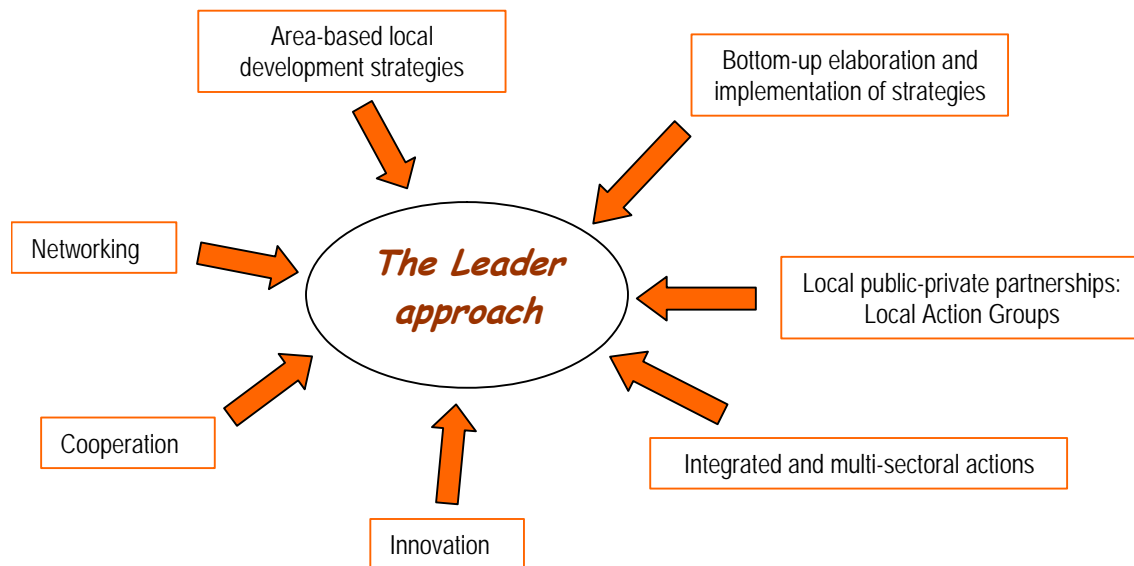
7. Innovation is another important part of the LEADER methodology. The different ways that innovation may be expressed by LEADER include:
 - Working in new ways to find solutions to social, economic and environmental challenges that could involve bringing diverse stakeholders together or supporting new priority groups.
 - Developing new products, markets and services: these often result from testing innovative ways of working and can be created through the application of new approaches.
 - Adapting proven approaches to new circumstances can also be used. These types of innovative actions are often facilitated by knowledge transfer between regions or Member States.

8. The European aspect of LEADER has always been an important characteristic of the methodology. Specific parts of the LAGs' EAFRD budgets are provided for Inter-territorial and Transnational Cooperation. Inter-territorial Cooperation involves a Welsh LAG working on a joint project with another LAG within the UK Member State. Under Transnational Cooperation (TNC) LAGs can undertake a joint rural development project with at least one other LAG in another Member State or third country. Cooperation can be, among other things, a way of sharing experience and best practice, a means of encouraging complementary actions e.g. joint marketing by rural business organisations from different regions of local products or services, like food or tourism initiatives. Mutual learning is a useful result from TNC projects.

9. TNC helps rural people learn from their peers in other countries about new ideas for rural development projects. Such LAG cooperation has created a great many mutual benefits for many different rural areas across the EU.

10. LEADER is based on seven principles - all of which must come together for the approach to be judged successful.

The seven key features of Leader



The key advantages of the LEADER approach are:

- Local people have a better knowledge of local challenges that need to be addressed and the resource and opportunities available.
- They are able to mobilise local resources for the development process in a way that does not happen with traditional "top-down" approaches.
- This gives local people a greater sense of ownership and commitment to the projects, which in turn allows them to make the best of their local assets.
- The approach can help develop trust and positive working relationships amongst the local community and businesses.

LEADER in the next Rural Development Programme

11. The LEADER approach will continue to be a mandatory component of the new Rural Development Programme, with a 5% minimum EU programme fund allocation as required by the Commission Regulation 1305/2013. In Wales the RDP will provide 80% of the financial budget for the LDS. It will retain its current purpose as a programme delivery mechanism where a Local Action Group determines and delivers a Local Development Strategy in accordance with the national Rural Development Programme.

12. The implementation of LEADER in the next programming period (2014-2020) will seek to refocus on the fundamental building blocks of the approach. LEADER should be brought back to its original concept with the focus of support centred on innovation, piloting of new approaches, networking and bottom-up community working. The creation of local grant schemes under LEADER to provide grants directly to beneficiaries will not be permitted in the next programme.

13. Welsh Government has set out a broad framework of thematic options for the next RDP, with LAGs being able to choose more than one option to reflect the needs of their area. This will ensure the alignment of LEADER resources to the key priorities without disabling the function of LAGs as a tool for governance, enabling communities to contribute and stimulate innovation from a grass-roots level. The themes are:

1. Adding value to local identity and natural and cultural resources
2. Facilitating pre-commercial development, business partnerships and short supply chains
3. Exploring new ways of providing non-statutory local services
4. Renewable energy at Community level; and
5. Exploitation of digital technology

Each LDS in Wales will need to show how one or more of these priorities are to be met for each of the proposed activities.

14. The Welsh Government wants to see a return to the core LEADER principles of piloting, facilitation, creating links and networks and bottom-up working. The central feature of LEADER, and the factor that sets it apart, is the participation of local communities in shaping the future development of their area.

15. Through a process of stakeholder engagement, building the capacity of target groups and cooperation, the problems faced and opportunities available are recognised and potential solutions are piloted. LEADER has a remit to encourage innovation – facilitating experimentation, the pre-commercial trialling and piloting of new approaches, new processes and new products. LEADER can take risks that mainstream funding might not support – not all pilots succeed. The results of these trials must be widely disseminated and, as well as having immediate results, can inform future rural development.

Process for Appointing LEADER Local Action Groups in Wales

16. Welsh Government held an open call for expressions of interest to become a Local Action Group in March 2014. Following assessment to remove any potential duplication 18 organisations were invited to move to stage 2 in the process which involves the submission of a Local Development Strategy by 30 September 2014. All of the eligible rural areas of Wales will have LEADER coverage, subject to the approval of the LDS.

Location of Welsh LEADER Groups

17. The link to the current LEADER groups is:

<http://cymru.gov.uk/topics/environmentcountryside/farmingandcountryside/cap/walesruralnetwork/lagmap/?lang=en>

The Proposed new groups are:

| | |
|--|---|
| Partneriaeth Gwledig Mon | Anglesey |
| Reach Bridgend | |
| Cynnal y Cardi | Ceredigion |
| Caerphilly | (Proposing to cover Blaenau Gwent as well) |
| Conwy Local Action Group | |
| Carmarthenshire Local Action Group | |
| Creative Rural Communities | Vale of Glamorgan |
| Denbighshire | (with Cadwyn acting as central administration body) |
| Flintshire | (with Cadwyn acting as central administration body) |
| Gwynedd Local Action Group | |
| Regenerate Neath Port Talbot | |
| Rural Action Cwm Taf | Merthyr and Rhondda Cynon Taff |
| One Powys LAG | |
| PLANED (Pembrokeshire) | |
| Swansea Rural Development Partnership | |
| Create (Torfaen) | |
| Vale of Usk (Monmouthshire and Newport) | |
| Wrexham | (with Cadwyn acting as central administration body) |

LEADER BUDGETS

18. Under the current RDP (2007-2013) each LAG had to bid to the Welsh Government for the LEADER funding through a competitive process. The independent evaluation

of LEADER in Wales recommended that alternative methods for allocating funding should be explored.

19. In response the Welsh Government established a Task and Finish Group to provide advice on an alternative methodology for allocating LEADER budgets to LAGs. The membership comprised:

- Welsh Government staff including an experienced statistician;
- Representatives nominated by the LAGs from north, central and south Wales and including a representative from an independent LAG;
- The Welsh Local Government Association;
- The Welsh Council for Voluntary Action.

20. On 17 June 2014 the Task and Finish Group recommended on behalf of all the Local Action Groups (LAGs) in Wales that LEADER funds within the RDP 2014 – 2020 should be distributed as indicative budgets to each LAG via the following methodology:

Each LAG would receive a core allocation of £500,000 (minimum necessary to implement an LDS based on 2007 – 2013 programme).

Each LAG would also receive an additional allocation based on an apportionment methodology which is weighted according to the following factors:

- a. 75% based on rural population in the eligible wards (100% of the population of rural wards plus 30% of the population of service wards – 2011 Census data);
- b. 25% based on the sparsity of the population in the eligible wards (within rural wards, population of the smallest settlements in 'less sparse' areas and a double weighting for the population of the smallest settlements in 'sparsest' areas – WG/ONS definitions, 2011 Census data).

21. The 75/25 weighting took into account feedback from the LAGs that the primary emphasis should be placed upon population but that the cost of delivering outcomes in more peripheral areas should have due weight. The weighting also reflects the difference in the impact of the core allocation between larger and smaller LAG areas.

22. Welsh Government is encouraging the groups to look at how they can reduce their running costs by brigading this function between more than one group. A number of groups have already moved towards this approach.

The recommended indicative allocation methodology is currently with Ministers for their consideration.

Next Steps

23. The Local Development Strategies must be submitted to Welsh Government by no later than 30 September 2014. It is anticipated the first approvals will be made by January 2015.

Welsh Government Lead: Neil Howard
Approved by: Andrew Slade

Date: 10 September 2014

WALES PROGRAMME MONITORING COMMITTEE, EUROPEAN STRUCTURAL AND INVESTMENT FUNDS 2014 – 2020:**REGIONAL AND SECTORAL ENGAGEMENT AND SUPPORT****Issue**

1. To provide the PMC with an overview of how WEFO anticipates regional engagement to develop in the 2014 – 2020 funding round.

Background

2. The development of effective regional partnerships across all sectors is seen by WEFO as a critical piece of development in the new funding round. Without consensus on priorities in each region, we are much less likely to focus EU funding where it can have the greatest impact, less likely to choose projects which have the support to be successful, and less likely to achieve the additional benefits of a truly integrated set of EU funded programmes.

3. This is already providing WEFO with a challenge as we are currently obliged to consider proposals without the benefit of well developed structures in all areas of Wales. The regional and sectoral partnerships picture will evolve in Wales throughout the new funding round, but wherever genuine, cross-sector partnerships exist, WEFO is much more likely to be well disposed to the prioritised proposals that they generate or support.

4. WEFO is also minded to focus Technical Assistance (TA) on ensuring the effectiveness of such partnerships. This would mean less focus on support for the current SETS model of embedding staff in nearly every local authority and in government departments.

Basis for Discussion

5. Annex A to this paper is a note which WEFO shared with the WLGA and the WCVA in July. The paper is a snapshot of thinking at that stage, and we will need to clarify some of the detail in due course, but it sets out the principles that WEFO would like to see in respect of regional and sectoral engagement, and some initial thinking on how it might be supported by TA. It will of course be subject to input from potential beneficiaries as represented by PMC members and the new Minister for Public Service will clearly have a significant role in the development of partnership arrangements.

Next Steps

6. These principles need to be developed into more substantial proposals for implementation. We need effective, 'light touch' mechanisms to secure the engagement of these boards, recognising Board members' other commitments. Emerging proposals must link and add value to wider investments proposed within regions; proposals emerging from genuine partnerships are much more likely to fulfil this requirement. WEFO needs to see the [EU Code of Conduct on Partnership](#) implemented such that genuine partnerships emerge with a broad view on jobs and growth that goes beyond just the EU funding aspect.

7. The shadow PMC is invited to comment on how we should move forward at the meeting.

Peter Ryland
Deputy Director, Programme Performance & Finance

**WELSH EUROPEAN FUNDING OFFICE: ESI FUNDS FOR 2014 – 2020
PROPOSALS FOR REGIONAL AND SECTORAL ENGAGEMENT AND SUPPORT TO
BENEFICIARIES**

Issue

This paper sets out WEFO's thinking on how engagement at a regional level should operate, including what support to beneficiaries may be required in the 2014 – 2020 funding round beyond what the Managing Authority provides. The proposed direction of travel in this paper has been agreed with the Rural team in Welsh Government.

Background – Partnerships

Effective regional and sectoral partnerships are seen by WEFO and the Welsh Government more widely as a key ingredient for the successful delivery of the 2014 – 2020 ESI programmes. Without this ingredient, projects are less likely to be mutually supportive or to deliver as planned; they will fail to deliver their maximum potential impact, and the agenda of integrating ESI programmes to maximise their benefit will suffer.

But there is no one, simple recipe for this. The partners that need to be engaged around any given proposal will vary, depending on the nature of the proposed operation, its geographical location and the sector(s) it will work in. Partnerships themselves are not uniform in nature, either across Wales or across sectors, and they will evolve during the programme period.

A number of organisations that WEFO and WG more widely will expect to work with in 2014 – 2020 already exist or are expected to emerge during the programme period. They include Regional Learning Partnerships, City Region Boards, sector panels and bodies such as tourism partnerships, regional partnerships for economic development such as the North Wales Economic Ambition Board, and FLAGs and LAGs under CLLD arrangements. This is in addition to bodies with a representative role such as the WLGA and the WCVA and all the bodies that might act as champions and leaders in their fields, such as universities.

This list is not meant to be exhaustive, or to exclude anyone not on it from being involved; it just illustrates the complexity of the range of potential partners that WEFO expects to work with and through.

Another consideration is around roles and responsibilities. As the Managing Authority, WEFO is responsible for the successful and compliant delivery of the programmes. It may delegate some of that responsibility to a degree, but it will always be answerable directly to the Commission for the funds. So it is vitally important that everyone understands where they fit into the programme delivery, what their respective roles are and, as importantly, what they are not.

Background – Regional Support

With regard to support to beneficiaries, the 2007 – 2013 funding round made provision for this through Specialist European Teams (SETs). SET staff have been funded in local authorities, central government departments, the WCVA and in the education sector.

While this approach has had some success, it is appropriate to consider what support is needed in the next round, and how it should be delivered, as the landscape for delivering programmes in 2014 – 2020 is significantly different. In particular, the changes in the Operational Programmes, the move to common frameworks for all ESI funds and the Commission's views on delivery models are issues that need to be considered. We also have to consider how the landscape has developed and is expected to in respect of the capacity of beneficiaries and the partnerships they have developed to take different roles in the next round.

WEFO Position – Engagement with Partnerships

Point 1: There will be a strong presumption against delegating Managing Authority responsibilities.

This is partly because WEFO needs to retain control over funding decisions in order to ensure that coherent portfolios of operations are built up across each programme, and partly because of the additional work and risk associated with the introduction of Intermediate Bodies.

Insofar as responsibilities are delegated by WEFO, the Intermediate Body that takes them must apply the checks and controls that WEFO would and maintain all the appropriate records, and WEFO has to ensure that this has been done. The additional risk and labour are not justified by the relatively modest size of the programmes in Wales, and are not consistent with our declared simplification agenda.¹

Point 2: WEFO will have a strong preference for partnership support to proposals; but evidence of support from relevant potential partnerships is not an absolute prerequisite to approval of an operation.

Partnership support is not even a decision criterion. What it is, is evidence which WEFO will value, that the proposal is likely to have a good fit with relevant national, regional and sectoral policies and strategies, and that it has a good chance of being delivered successfully.

Point 3: The impact of a regional or other partnerships support will depend on the effectiveness of its consideration of proposals; no partnership has a veto on proposals or influence on WEFO funding decisions as of right.

WEFO will not set up partnerships as a decision making bodies for ESF or ERDF (see point 5 below). We need partnerships to scrutinise, challenge and proposed operations if their support is to be of the value to WEFO that we hope it will. This applies especially at the first

¹ The only known likely exception to this at the time of writing is in respect of Aid Schemes, under which every end beneficiary is required by the regulations to be treated as a separate project. LAGs and FLAGs under the rural fund regulations are a different matter.

hurdle, which is establishing the strategic fit of the proposal with the programme deliverables.

Point 4: Where partnership support is either not essential or not achievable, WEFO will still expect potential beneficiaries to demonstrate liaison with parties that might have an interest in the subject area.

Occasionally, WEFO will need operations for which partnerships are not a key ingredient for success. This might arise for instance when there is a niche to be filled in respect of delivering to certain end beneficiary groups which are not catered for effectively by backbone operations. WEFO also needs to reserve its position against the possibility that no consensus emerges across relevant partnerships in respect of proposed operations in their area of concern.

In either case, WEFO will want to understand the evidence that no opportunities have been lost, that there is no duplication of provision and whether all reasonable possibilities have been exhausted.

As a minimum, WEFO would expect the views of relevant regional bodies to be reflected in any case for a proposed operation. Specifically, this would include:

- The North West Wales Economic Ambition Board
- The Swansea Bay City Region Board
- The Cardiff City Region Board
- The South West Regional Learning Partnership

Point 5: WEFO will discuss proposed operations with any organisation or individual.

Quite apart from the duty on WEFO to ensure fair and open access to the structural funds, it follows from the above that WEFO is open to all approaches, and will take each one seriously. Absence of the credibility that partnership consensus can bring means that, on the whole, proposals from organisations who have not consulted with relevant partners will have more work to do than they might otherwise to convince WEFO of the merits of the proposal, but the WEFO will always be open to having that discussion.

Point 6: WEFO will allocate a member of its senior management team to each of the three regions to be the senior point of contact for regional partnerships.

Similar arrangements are being considered for sectoral partnerships.

WEFO Position – Regional and Sectoral Support

Point 1: A change of emphasis in support (other than from the Managing Authority) is needed to concentrate on what is new, i.e. breaking down barriers to joint working, promoting partnership working across sectors and integration across ESI funds and beyond.

WEFO wants to see any support that does not come directly from the Managing Authority focussed on the regional and sectoral engagement approach outlined above. There will be some overlap with the functions delivered by the current SET arrangements, but most sectors now have considerable experience in the routine administration of EU funded operations and we would expect less activity in this area as the emphasis changes.

Point 2: As with other operations across the programmes, there must be a strong business case for additional support.

WEFO will want to see support arrangements which:

- meet a clearly identified need;
- deliver measurable added value;
- build capacity in beneficiaries for dealing with EU funded interventions;
- promote the Commission's agendas in respect of integration across ESI funds and the increased use of Simplified Costs Options;
- support genuine partnership working;
- do not duplicate or compromise the work of the Managing Authority or any Intermediate Bodies, of the Certifying Authority;
- must have a role distinct from that of other regional and sectoral bodies and partnerships engaged in delivering EU funded interventions;
- have a clearly defined role in the overall model for ESI Fund delivery in Wales, where the balance between; and
- are supported by match funding as required to support the delivery of the TA strand of the Operational Programmes.

Point 3: WEFO anticipates three teams to support the three regions emerging across Wales (North, Mid & West, South East), a 3-SET type function for the third sector, and a small secretariat to lead and support these teams.

Regional teams need to work across all sectors and could be hosted in any organisation willing to support the function. They would be a resource for all bodies in the region interested in delivering part of the EU funded programmes in Wales. Given the strong leadership required, including the development of networks, partnerships and contractual commitments, we would expect at least part of the function to be graded higher than much of the current SET function.

In some cases, partners will have well developed capacity and may need little actual support, but WEFO will be interested in the team's thoughts on proposals received, and will therefore expect all proposed operations coming from the region to have been put to the Regional ESI support group. Likewise, a project which appears to be struggling and which declines an offer of help from the regional team without having a clear and credible recovery plan of its own is damaging its case for ongoing support from WEFO.

Regional support teams are not there to take on or duplicate the role of the Managing Authority's project officer(s). They do not take funding decisions and they do not prioritise proposals to be submitted to the Managing Authority.

WEFO has noted the additional support still needed for smaller organisations in the third sector, highlighted for example in the Finance Committee's report. These organisations commonly still lack administrative capacity and the current 3-SET arrangement would be retained to address this specific need, with some modification to ensure that it can also support the regional and sectoral liaison that regional teams will focus on.

Leadership and support to these teams is envisaged as probably a single post in WEFO. Regional teams will also have a link to the WEFO SMT member responsible for each region.

Indicative costs and funding for these arrangements are set out at Annex B.

Next Steps

WEFO will be seeking comment on these views from key partners across Wales and in each sector with a view to developing a TA project proposal to establish the new teams as soon as may be.

Annex A: Terms of Reference for ESI Support Groups

Regional ESI Support Groups

- Promote contacts between the potential partners in proposed operations to develop effective, genuine co-operation, such that proposals secure the support of regional partnerships.
- Ensure that potential beneficiaries identify partners and the potential for support from Territorial Co-operation funds and EU sectoral funds e.g. Horizon 2020, to help demonstrate why ESI funds are needed to close funding gaps.
- Identify where proposed operations have the potential for integrated working across ESI and other funds, and where they may duplicate provision already in place or under development.
- Identify links between potential operations and the Economic Prioritisation Framework.
- Support the development of proposals in respect of identifying options in respect of Simplified Costs Options.
- Signpost the guidance and information provided by WEFO and help in raising and resolving any queries arising from that.
- Help secure support for proposals from relevant regional partnerships, including bodies which are not part of the proposed operation.
- Provide a link between regional discussion fora across sectors and WEFO to advise WEFO of issues to be resolved, regional perspectives on the EPF and upcoming investment opportunities.
- Support communications on the benefits of EU funded programmes in each region.
- Provide information to regional bodies on the delivery and impact of ESI funded operations in that region.
- Provide advice on securing effective evaluation of operations in the region.
- Provide support and advice as required for operations which are running, including preparation for audit and inspections
- Provide support specifically for Sustainable Urban Development
- Provide information to regional partnerships on ESI supported interventions in their areas.
- Provide feedback to WEFO on issues arising in their respective areas.

Annex B: Indicative Costs of Anticipated Support Arrangements

| | | |
|----------------------------|---------|---------|
| Regional Teams | | |
| Three grade 7 equivalents | 210,000 | |
| Three SEO equivalents | 180,000 | |
| Three HEO equivalents | 150,000 | |
| | | 540,000 |
| | | |
| 3-SET (as at present) | | 200,000 |
| | | |
| WEFO Management post | | 60,000 |
| | | |
| T&S, administration | | 50,000 |
| | | |
| Total annual running costs | | 850,000 |
| | | |

Total cost across the programme period approximately £6m. Assumes all roles will be needed at these grades for seven years. (One might expect the level of support need to tail off in fact as programmes fill up with approved operations – but other support needs may emerge.)

Costs to be spread across TA budgets for each programme. Intervention rate 75% for WWV programmes, 50% for EW programmes.

Match funding to be discussed; it can not fall wholly to whichever organisation agrees to host the team for their region.

**WALES PROGRAMME MONITORING COMMITTEE (PMC)
EUROPEAN STRUCTURAL AND INVESTMENT FUNDS 2014 – 2020:**

Future Meeting Dates

Issue

1. The paper informs Members of proposed future meeting dates for the PMC.

Recommendation

2. Members are asked to note the proposed dates of future meetings.

Background

3. Meeting dates for the current year have already been scheduled as follows:
 - November 2014 – Date to be confirmed.

Proposal

4. The Committee's 'Rules of Procedure' require meetings to take place at least annually, but as a general rule 3 to 4 times a year, upon invitation of the Chair. Members are therefore asked to note the forward timetable for future meetings:
 - Friday, 27 March 2015
 - Friday, 05 June 2015
 - Friday, 11 September 2015
 - Friday, 4 December 2015
5. All meetings will be held at the Welsh Government Offices, Merthyr Tydfil.

Drafted by: Lois Wilson
Approved by: Dean Langley
Date: 12 September 2014