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Welsh Government

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East Wales

ESF Priority 5

Public services reform and regional
working



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**Cronfeydd yr UE:
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Priority Axis 5: Public services reform and regional working East Wales

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This Priority Axis is focussed around Thematic Objective (11) – Institutional Capacity Building). Just over 7% of all ESF in the programme area will be allocated to this Priority Axis. Justification for this allocation is based on:

- Assessing organisational capacity and capability, and developing and delivering workforce development plans.
- Supporting the reconfiguration of regional governance arrangements to ensure representative and inclusive planning and decision making functions.

1. Justification for the establishment of a priority axis covering more than one category of region, thematic objective or fund (where applicable)

This priority axis covers one category of region, but will be closely coordinated with an identical priority under the other Wales ESF programme (different category of region). It only covers one thematic objective and a single fund.

There is an increasing evidence base pointing to the importance of institutional capacity as a factor affecting the relative success of regional investments (OECD). Having the right capacity in place can therefore magnify the effect and impact of regional investments; with ineffective arrangements having a negative effect. As such, a lack of capacity in Welsh regions risks undermining investments made across the entire suite of European Structural and Investment (ESI) programmes in Wales and beyond. Effectively operating regional arrangements can better integrate investments in places and improve the effectiveness and impact of those investments both collectively and individually.

The 2007-2013 ESF programmes kick-started a process of regionalisation in Wales, supporting the creation of regional skills partnerships and building capacity for improved collaborative working. Since the 2014-2020 programmes were negotiated in 2014 the Welsh Government has further developed a coherent policy framework that commits to regionalisation in those areas where it provides added value; providing a sound basis on which to create the state changes needed for the next phase. This includes:

- **Prosperity for All (September 2017).** This indicates *“It is only through closer working, on a consistent regional basis, that the resilience and responsiveness of services can be maintained in the future”*. Commitments are made to respond to the diverse needs of different regions, working with partners in those regions in areas such as skills and economic development.
- **Economic Action Plan (December 2017).** This describes the need to ensure *“the different players in our economy - from the emerging City Deals and local government reform structures, to the new Development Bank of Wales and Regional Skills Partnerships – work together on a clear footprint with businesses and other partners in a new, strategic and more collaborative partnership to support distinctive regional strengths”*

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- **Employability Plan (March 2018).** This identified a range of relevant actions, such as the need to “*prioritise the co-location of local services to simplify employability support for the individual*”, “*to provide a holistic view of local and regional employability support*” and to “*strengthen the governance and expertise of the Regional Skills Partnerships to ensure that they provide regional leadership and robust labour market intelligence*”. Working in tandem with the Economic Action Plan this will “*encourage local and regional growth and innovation in relation to skills*”.

Plans for regionalisation across Wales have been developed over time, initially stimulated by investments made by ESF during 2007-2013. Further, proposals for local government reform reflect the reality facing public service delivery with falling budgets, increased demands on services, and an ageing population. Dedicated additional investment could lever quicker, wider and more systematic reform and could demonstrate significant added value in driving structural reform in public service delivery and collaboration.

2. Specific objectives corresponding to the investment priority and expected results

ID of the specific objective	5
Title of the specific objective	Public services reform and regional working
Results that the Member States seek to achieve with Union support	The result indicator selected takes into account Commission guidance (<i>Guidance Document on Indicators of Public Administration Capacity Building</i>, 2014) which makes clear indicators need to be related to the capacity/state change of the public body (e.g. new integrated structures or delivery models), not the performance change (i.e. effects on services), which is an impact measure. The indicator is directly linked to the European Commission core indicator, which offers a broad result indicator that can capture the result of a range of activity. Supported units in this case will primarily be entities involved in public service delivery (primarily national, regional, local government, and third sector bodies), but beneficiaries (delivering projects) may provide expertise to those supported units (e.g. HE/FE, research institutions). A central outcome of investment will be the development and dissemination of improved working methods, procedures, and tools. This will be captured by a single result indicator for the development of new methods, procedures and tools; with them considered developed once disseminated.

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3. Common result indicators for which a target value has been set and programme-specific result indicators corresponding to the specific objective (by investment priority and category of region) (for the ESF)

Indicator	Measurement unit for indicator	Base-line value	Measurement unit for baseline and target	Base-line year	Target value (2023)	Source of data	Frequency of reporting
Number of new methods, procedures, and tools developed and disseminated	Number	0.00	Number	2018	8.00	Monitoring data	Quarterly

4. Action to be supported under the investment priority (by investment priority)

Description of the type and examples of actions to be supported and their expected contribution to the specific objectives including, where appropriate, the identification of main target groups, specific territories targeted and types of beneficiaries

In delivering the results sought there will be a series of complementary investment needed in people, organisations and systems. All investments are expected to align directly to the regionalisation agenda of the Welsh Government, as described in Prosperity for All[1], the Economic Action Plan[2], and the Employability Plan[3]. These, alongside emerging proposals for local government reform, provide the policy framework for activity under this Priority.

Our approach will need to be flexible and responsive. It will change over time, as the tasks being undertaken change. There will be some core, common elements and some bespoke provision, recognising that capacity and specific capability will vary between regions and entities.

While the emphasis is likely to be on the role of local government and the specific opportunities for integration and transformation stemming from those organisations coming together, the Specific Objective will also need to ensure other stakeholders, in particular the third sector and other delivery bodies are a central part of proposals, dependent on the service / activity being examined.

Governance is particularly important to the public sector because of the accountability held by stakeholders. Good governance can increase trust, citizen engagement and social capital. Any reform of governance structures should not lead to overcomplicated structures: given the small size of Wales this could negatively affect service delivery

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The approach to this Priority seeks to learn lessons from previous experience and from others' experiences, by taking a more incremental approach that focusses on the state changes, rather than the long-term impact desired (which is dependent on factors outside of the control of an ESF investment programme). In particular we will seek to build on the solid progress made to date on improving regionalisation and cooperation between public service providers, such as the development of regional skills partnerships and improving integrated planning and delivery of economic development and skills activities in places. The nature of emerging Local Government reform proposals will bring challenges to the implementation of this priority, requiring a staged and flexible approach to implementation, but all options being considered will strengthen collaboration and regional working by simplifying arrangements and promoting collaboration. Added value, particularly in terms of making long-needed reforms take place, is clear.

Regional working and planning is expected to focus on cohering a fragmented policy and planning landscape across the Welsh regions, in particular for economic development, skills, strategic land use, and transport planning. Various initiatives operate on regional footprints, with related capacity issues created, potential inefficiencies, and risks to strategic and integrated planning approaches. For example there are different arrangements for City Deals, Growth Deals, prioritising ESI funding, skills, planning regional regeneration investments, and a range of other spatial initiatives that could be more effectively coordinated and integrated if long-standing structural weaknesses can be addressed.

Social innovation and innovation in service delivery is also expected to feature prominently in this priority. ESF offers an opportunity to develop, pilot, evaluate and disseminate new ways of working across public services, for example in applying new technology such as the use of big data.

Indicative actions which could be undertaken in support of this Specific Objective may include (but are not limited to):

- Assessments of capacity and capability for collaborative working, including development / application of toolkits and the transfer of new / improved methods and procedures. This could include transnational activity and international benchmarking.
- Building capacity and capability within existing partnerships, moving them to a more sustainable footing. For example addressing specific gaps in provision, investing in skills, governance, integrating different policy areas, or using new tools, methods and procedures.
- Targeted investments for specific regional or collaborative partnerships where a capacity and capability assessment has been completed and a clear plan to sustainably address constraints and weaknesses is in place.
- Innovative activities that promote social innovation, the use of new technology / techniques, delivery of new services, and integration of

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services. Support might be expected to cover idea development, piloting, evaluation and dissemination of results.

- Development and implementation of new approaches to integrated service delivery, linked to local government reform, including skills and shared services (e.g. via digital solutions, online provision, aggregated administration, one-stop-shops, joint / shared services, pooled specialist services, etc.)
- Training to provide staff with skills, models and tools to deliver organisational change and service improvement, particularly leadership.

All operations will be expected to identify precise and specific activities within the above areas of action. These activities should be designed to meet the specific needs of the operation's identified target group/s and the results sought. Evidence should be presented to prove the efficacy and applicability of these specific activities.

Beneficiaries of funding under each of the Specific Objectives above are expected to include the public sector (local authorities, the Welsh Government); NGO's (non governmental organisations including the Third Sector); Research Organisations and higher/further education bodies; and the private sector. The end beneficiary is expected to be involved in public service design and delivery and regional planning.

Operations will not support ongoing running costs and are not intended to simply address funding gaps in normal service delivery. Operations must demonstrate that investment will lead to a state change for the related partnership or service and be sustainable in the long-term once the operation is complete.

[1] <http://gov.wales/docs/strategies/170919-prosperity-for-all-en.pdf>

[2] <http://gov.wales/docs/det/publications/171213-economic-action-plan-en.pdf>

[3] <http://gov.wales/docs/dcells/publications/180319-employability-plan-en.pdf>

5. Guiding principles for selection of operations

The following common principles will guide future selection of operations across all Investment Priorities:

- A focus on supporting sustainable jobs, productivity, employment and growth and operations which facilitate the role of the third sector and private sector in the delivery of public services;
- Interventions should seek to integrate economic, social and environmental outcomes, consistent with the central organising principle of sustainable development and contributing to the outcomes of the cross cutting themes;
- Opportunities to achieve greater leverage from the deployment of EU funds, particularly with the private and third sector; and also more collaborative investments where these can add value and achieve outcomes;

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- Clear added value, when compared with other ways of supporting and delivering policy, based on sound evidence;
- Evidence of opportunity will form the foundation of the design and delivery of operations with investments building on existing and emerging expertise, with human capital delivering to future needs;
- Prioritisation of key strategic operations that underpin the Specific Objectives and which deliver significant outcomes, will be a core part of a portfolio management approach to programme delivery; and
- Clear exit strategies need to be in place at the outset which fully consider the role of the third sector and private sector, build social resilience and tackle poverty within communities, promote equality, and achieve legacy effects.
- Operations will need to consider a range of targeting mechanisms to provide a focus for investment. The degree of targeting will vary according to the intervention and, where appropriate, should reflect:
- Clear identification of the specific target groups, their needs and how actions will address these needs at a national, regional or local level as appropriate;
- Growth sectors (e.g. specifically the Welsh Government identified National Thematic and Foundation sectors, Grand Challenge areas in Science for Wales and the areas of specialisation in Innovation Wales); and
- Areas of specific geographical opportunity (e.g. City region or other regional opportunity, regional skills needs, Rural or Regeneration Area).

Additional principles relevant to the specific Investment Priority

- All interventions will be expected to demonstrate alignment with the Wellbeing of Future Generations Act and the related five ways of working.
- Interventions will need to be aligned with the policy framework for regionalisation, including Prosperity for All, the Economic Action Plan, the Employability Plan and emerging proposals for local government reform
- Wherever possible options for accredited training should be considered, whilst recognising this will not always be possible
- With the exception of innovative actions, interventions are expected to target reform that builds sustainable capacity in the long-term, with a focus on integration and transformation of public service delivery (e.g. structural, systemic, horizontal change)

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- While the beneficiary (i.e. delivering operations) may be broader (e.g. also including Higher Education/Further Education), the target groups of this priority will be:
 - Public administration on national, regional and local level
 - Stakeholders, such as social partners, NGOs/CSOs,
 - Individuals working within and with the entities noted above

6. Output indicators by investment priority and, where appropriate by category of region

Common and programme-specific output indicators

Indicator	Measure-ment unit	Fund	Target value (2023)	Source of data	Frequency of reporting
number of projects targeting public administrations or public services at national, regional or local level	Number	ESF	4.00	Monitoring data	Quarterly
Number of methods, processes and tools being developed with support	Number	ESF	10.00	Monitoring data	Quarterly
Number of entities* participating in projects target public administrations or public services at national, regional or local level	Number	ESF	15.00	Monitoring data	Quarterly

7. Social innovation, transnational cooperation and contribution to thematic objectives 1-7

Promotion of Social Innovation (SI) within the Priority Axis

All operations will be encouraged to consider the opportunities SI provides to pilot or develop innovative approaches to delivery. Operations will be encouraged to consider options to undertake small scale SI activities to explore alternative delivery models or target specific groups with a view to incorporating and scaling up successful delivery. Such small scale trialling, particularly through commissioning or procurement, will engage the third sector, community groups and social partners in a risk based approach to developing new delivery models which can add to and complement successful delivery models already in place.

Potential areas for SI actions across the programme might include:

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- targeting of specific under-represented groups with a view to up-scaling into core activity and the delivery of enhanced equality outcomes;
- trialling, on a risk basis, new models of delivery, especially within well established delivery methodology or approaches; and
- support to trial and develop sustainable exit strategies through testing of new delivery models.

Opportunities for SI may develop as operations progress. It will not be necessary for SI activity to be fully scoped however the principle and mechanics of trialling and subsequent mainstreaming of lessons learnt will need to be outlined where SI action is anticipated. Larger strategic Interventions should have an evidence base indicating where trialling or piloting of approaches would work most effectively.

SI actions will be subject to specific monitoring and more rigorous evaluation with lessons learnt being disseminated both within operations and across WEFO. SI actions can take place as discreet elements of larger strategic operations or as discreet stand alone operations.

Specific actions within this Priority Axis might include, but are not limited to:

- Innovative approaches to public service transformation with a view to improving efficiency, improving public services, making them more sustainable, and enhancing social integration and access to services; and
- Innovative actions to support the development of entirely new systems, processes and services, such as new uses for data for planning and service delivery; and

Through this approach it will may also be possible to incorporate linkages with LEADER groups within EAFRD (or Fisheries Local Action Groups (FLAG's) within EMFF). LEADER groups or FLAG's, will be able to engage in commission processes for SI actions particularly for trialling new approaches with a view to mainstreaming successful delivery models. These groups will also be able to work through the regional and spatial approaches described in the Welsh Chapter of the UK Partnership Agreement and in Section 4 of this OP to encourage mainstreaming of activity funded through other ESI funds into collaborative ESF proposals.

Specific Provision for Transnational Cooperation

Transnational cooperation actions will be targeted towards addressing specific needs within WWV while maximising the added value that can be delivered by transnational cooperation. Actions could involve stakeholders from the public, higher and further education, third and private sectors. Operations may be wholly comprised of transnational cooperation activity or feature transnational cooperation as one strand within the wider operation.

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Actions will be expected to support transnational cooperation with other Member States which are facing similar challenges to WWV and working to common goals. Actions should support transnational partnership working to share good practice and to develop and pilot innovative solutions, to develop and share high level skills and expertise and to develop and share skills and expertise that will support a modern knowledge-based economy and modern, adaptable and agile public services.

Specific actions within this Priority Axis might include, but are not limited to:

- Actions to share good practice and develop innovative approaches to public services transformation, local government reform and regional planning;
- Transferring and translating international experience to the Welsh context.

The contribution of the ESF to Thematic Objectives 1-7

ESF investments under this Priority Axis are fundamental to supporting citizens across the whole economy, and in turn businesses by providing the best possible planning and investment context. This priority will ensure suitable capacity and capability is available to deliver to the future needs of enterprise and business, supporting the development of a modern, knowledge based economy. ESF investments are designed to complement and combine with investments made by ESI funds under TOs 1-7. This approach will facilitate and enable the optimal realisation of the overall aims and objectives of the ESI Funds in Wales and support the integrated approach to implementation outlined in Section 4.

ESF interventions in this Priority Axis will complement ERDF, EAFRD and EMFF interventions under TO3 to stimulate business growth, develop local supply chains that link into economic growth opportunities, encourage start ups and improve the productivity of SMEs through:

- Improving public service provision, increasing the attractiveness of places and the supply of work-ready individuals, supporting SME's to grow and increase productivity, including through diversification and expansion into new markets;
- Improving regional coordination and planning to support a more sustainable, predictable and reliable planning context to encourage long-term investments;
- Increasing productivity by supporting individuals and enterprise to address underemployment resulting from in-work barriers such as work limiting health conditions and reducing the number of hours lost to sickness.

The integrated approach to tackling poverty across ESI fund programmes will see ESF interventions within this Priority Axis integrate with ERDF and EAFRD actions under TO4 and 7 to increase urban and labour mobility to and from key urban and employment centres and to improve rural connectivity. Thereby ensuring that ESF interventions to address barriers to accessing sustainable

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employment will complement sustainable transport solutions to improve physical accessibility to employment centres. There will also be complementarity with ERDF investments to reduce the number and percentage of households living in fuel poverty under TO4, both mitigating the impacts of poverty and equipping people to move out of poverty through employment.

8. Performance framework

Performance framework of the priority axis

Indicator or key implementation step	Measurement unit, where appropriate	Fund	Category of region	Milestone for 2018	Final target (2023)	Source of data
Number of projects targeting public administrations or public services at national, regional or local level	Number	ESF	Less developed	1	4.00	Monitoring data
Eligible Expenditure	Euros	ESF	Less developed	0	26,000,000	Monitoring data

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Financing plan – Priority Axis 5

Union support (a)	National counterpart (b) = (c) + (d)	Indicative breakdown of national counterpart		Total funding (e) = (a) + (b)	Co- financing rate (f) = (a) / (e) (2)	Main allocation		Performance reserve		Performance reserve amount as proportion of total Union support
		National public funding (c)	National private funding (d) (1)			Union support (h) = (a) - (j)	National Counterpart (i) = (b) – (k)	Union support (j)	National Counterpart (k) = (b) * (j) / (a)	(l) = (j) / (a) * 100
15,210,000	15,855,517	10,548,094	5,307,423	31,065,517	48.96%	14,278,776	14,884,772	931,224	970,745	6.12%