

Wales and the EU: Partnership for Jobs and Growth

Consultation on European Structural Funds 2014–2020: West Wales & the Valleys

Consultation Response Form

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The responses to the consultation questions set out below will play an important part in the preparation of the final text of the Operational Programmes, which we are aiming to submit to the European Commission later in 2013. Formal responses to the consultation will be considered alongside views expressed in various regional consultation events planned for early 2013. Views are sought from all those with an interest.

Contact details

Please send responses to the consultation to:

Programme Development Division
Welsh European Funding Office
Welsh Government
Rhydycar
Merthyr Tydfil
CF48 1UZ

Or by email to: WEFO-Post2013Programmes@wales.gsi.gov.uk

If you have any queries, please contact the team on: 0300 062 8580

Responses are sought by **23 April 2013**

The following questions are designed to help structure the responses to this Consultation Document:

Analysis

1. Do you agree that we have identified the key economic and labour market challenges and opportunities?

✓				
Strongly Agree	Agree	Neither agree nor disagree	Disagree	Strongly Disagree

Please add in any reasons for your response in the box below:

We agree that the key challenges and opportunities are well identified, however we would have welcomed the opportunity to comment on the identified challenges and opportunities that sit below these high level challenges.

A Key challenge for Denbighshire in particular is its peripherality to major markets in NW England.

We would also encourage greater emphasis on the challenges being faced by an aging population in the region and the potential impact this will have on services.

Having undertaken this economic analysis we would urge WEFO and WG policies to reflect these. For example, the reference to Community Benefits from windfarms whilst valid is open to question if communities fail to receive tangible benefits in the form of lower electricity bills

The Strategy

2. Do you support the strategic vision, aims and objectives?

	✓			
Strongly Agree	Agree	Neither agree nor disagree	Disagree	Strongly Disagree

Please add in any reasons for your response in the box below:

We agree with the Vision proposed. However we would question some of the aims and objectives of the programme as currently set out.

We would question why Marine Energy in particular has been singled out. Nuclear and on and off-shore windfarms should be given prominence also.

We feel also that Transport needs to be more explicit. A key challenge for North Wales as a region is the modernisation / electrification of the North Wales and connecting rail lines including improvements in transport routes and timetabling in particular. As well as enhanced resilience for the A55 arterial route and targeted investment at key connections to these arterial routes as will be identified in the revision of the North Wales Regional Transport Strategy shortly to get underway.

Most important is the need to address rurality however. This should be an aim of the programme, and we would encourage WG and WEFO not to consider rurality as the sole responsibility of CAP / RDP given the greater integration expected between the 2014-2020 programmes.

3. Do you agree with the approach to integration of the various European funding streams?

	✓			
Strongly Agree	Agree	Neither agree nor disagree	Disagree	Strongly Disagree

Please add in any reasons for your response in the box below:

We feel strongly that the European funding streams need to be better integrated, but it is important to make sure that the process is done effectively. It would be far easier if the language was simplified.

For effective integration of the funding streams, better collaboration is needed between partners at all levels. Opportunities exist within the Managing Authority to ensure that the potential to achieve synergy between projects are realised at an initial project assessment stage. However, to ensure realistic integration of funding streams, without overlap or duplication, the Welsh Government must work closely with local and regional authorities to identify local needs and opportunities.

It is important to note that one size does not fit all in terms of proposed programme intervention, and larger projects will need the full involvement of local delivery partners to achieve those aims – and to ensure the integrated delivery of all EU funding streams in their localities.

In order to effectively achieve meaningful integration between funding streams, there must be common eligibility criteria, project processes and definitions. In addition, the Common Strategic Framework could be supplemented with an overarching summary which not only integrates the priority and themes for intervention, but also marries the expected outputs from each of the funding programmes to ensure higher level integration.

We have some concern around coordinating and integrating investments geographically. If the emphasis is around ensuring that counties like Denbighshire can link to City Regions or Enterprise Zones then this can be considered a positive approach, to do otherwise will mean areas peripheral to these developments will lose out.

Investments in all funding streams need to be properly targeted to ensure all areas within the qualifying WW&V region including those outside city regions / enterprise zones are able take advantage of the new programmes.

ERDF & ESF Priorities

4. Do you agree with the focus of the priorities?

	✓			
Strongly Agree	Agree	Neither agree nor disagree	Disagree	Strongly Disagree

Please add in any reasons for your response in the box below:

We agree broadly with the focus but would raise the following caveats

1. Tourism – This is not well covered in the programme, not as a stand alone theme nor within the other themes e.g. innovation, infrastructure and skills, and whilst we acknowledge the presumption against funding for Tourism as per the Deputy Minister’s statement of May 8th 2012, tourism remains a significant part of the economy of the North Wales region and an identified regional priority and investment in Tourism aimed at increasing it’s volume and value ought to be included.
2. Research and Innovation – The theme does not seem to allow for expansion of capital investment in innovation centres.
3. Under the ERDF themes there is a need to better link them together. E.g. Nuclear and on-shore wind needs to be included within the energy themes.
4. There needs also to be scope for business premises and inward investment provision to be built into the programme which would allow it to deliver on WGs new Regeneration Framework ‘Vibrant and Viable Places’.
5. Essential that within the Network Infrastructure Theme that the Benefits of digital connectivity for both for businesses and households cannot be underestimated. Investment in 4G connectivity and development of connectivity in ‘not-spot’ rural communities at risk of not being covered by Broadband Wales is vital to address barriers to economic growth and social benefit.
6. We welcome the proposed ESF priorities of Employment for all, Skills for all and Brighter Futures.
7. It’s essential that schemes proposed under the Employment for all priority continue to address barriers to work including Alcohol and Substance misuse and work limiting health conditions, and agree with the assessment that as people work for longer this will become a greater issue. We would urge WG to engage with key National agencies to mitigate risks associated with Welfare reform and National Government Programmes so as to avoid the difficulties faced by Priority 2 projects during this programme.
8. Skills for all – We support wholeheartedly the expansion of the definition of a young person up to 24. We also consider it essential that underlying issues impacting young people’s attainment and employability need addressing at a younger age.

Linked to the comments above we would suggest that there is a lack of a co-ordinated approach to learn the lessons from current experiences to help inform the characteristics of successful projects in future rounds. Due to a lack of planning, there a lack of information available to help guide the design of new EU programmes (i.e. no mid-term Evaluation deadlines set for WEFO to take stock of existing interventions).

Cross Cutting Themes

5. Do you agree with the approach adopted for the Cross Cutting Themes?

	✓			
Strongly Agree	Agree	Neither agree nor disagree	Disagree	Strongly Disagree

Please add in any reasons for your response in the box below:

We would agree with the approach undertaken on the mandatory CCT. Though we would urge WG and WEFO to be mindful of the indicators designed to measure outcomes in this area. Whilst they should be ingrained within projects they should not be so onerous as to allow evidence and measures becoming an end in themselves and getting in the way of good service delivery.

Whilst we agree with the importance placed on Combating Poverty and Social Inclusion and that it's sufficiently important to merit being a CCT and for all projects to have to demonstrate their addressing of this theme.

We are not convinced that there is an identified definition of poverty. Also how would projects measure and deliver against this theme? Combating poverty would suggest a longer term impact – would we be able to measure impact efficiently within the lifetime of a project?

Implementation arrangements

6. To what extent should we target resources on key industrial/business sectors?

	✓	
Completely	To some extent	Not at all

Please add in any reasons for your response in the box below:

To some extent.

DCC agrees with the focus on WGs 9 key business investment priorities but we would argue the need for some flexibility to support sectors not represented. In particular for Denbighshire, Health and Social care is a key sector and currently not represented.

The nine sectors should be supported, alongside broader measures of intervention, particularly focussing on entrepreneurship and social entrepreneurship. We would also want some flexibility within the programme to ensure that there is sufficient scope for the benefits of the emerging sectors to cross from East to West Wales and vice versa.

We do not feel that the nine sectors fit well within the Rural Agenda; here we suggest market forces will be far more influential than WG economic policy.

The other weakness of the sectoral approach is that it doesn't support Micro SMEs particularly well - something that FSB and Cardiff Business School have identified in their research 'Small Businesses in Priority Sectors'. With over 65% of businesses in priority sectors sole-traders micro or small businesses. Business Finance and Support need to reflect this, their growth will be key to supporting these sectors.

7. To what extent should we target resources on the economic growth of particular geographical areas?

	✓	
Completely	To some extent	Not at all

Please add in any reasons for your response in the box below:

We recognise the need for funding to be targeted at areas deemed to be a driver for growth such as City Regions and Enterprise Zones, and we would encourage WG to continue its work with Dr Elizabeth Heywood and the Mersey Dee Alliance to recognise that as an integral part of a strong functioning economy that North East Wales could increase its benefits and reach if we were able to act more formally as a City Region that crosses the national boundary and follows the 'natural' economic flow. The MDA has the potential to be a strong economic force for the UK but also a strong force for North Wales as a whole, through better connections to jobs and supply chain.

However we would strongly suggest that the need to achieve such integrated approaches to development applies as much to rural areas as to urban areas, albeit that they do not have the same 'mass/density' of activity as in an urban setting. We would stress the importance of not losing sight of the pressing development needs of rural areas, especially when developing the post 2013 European funding programmes. Developing the right approach and having good governance arrangements at a regional level are not exclusive to urban development.

8. How can we maximise the benefits of a City Region approach and European Structural Funding?

Negligible impacts will be felt in North Wales from the Cardiff and Swansea Bay City Regions.

As above, we would encourage WG to continue its work with Dr Elizabeth Heywood and the Mersey Dee Alliance to recognise that as an integral part of a strong functioning economy that North East Wales could increase its benefits and reach if we were able to act more formally as a City Region that crosses the national boundary and follows the 'natural' economic flow. The MDA has the potential to be a strong economic force for the UK but also a strong force for North Wales as a whole, through better connections to jobs and supply chain.

9. To what extent should we make use of repayable finance rather than grants?

	✓	
Completely	To some extent	Not at all

Please add in any reasons for your response in the box below:

We would argue that there is potential for Wales to make better use of such schemes, especially at a time when access to business finance is limited due to economic austerity.

Ultimately however, repayable finance cannot replace grant aid, but should be run in parallel with it, with better awareness, guidance and access for applicants. In fact should Financial Engineering Instruments be used, we would stress that they are:

- Developed at an early stage in terms of awareness and clear guidance.
- Relevant and flexible to meet differing needs across Wales.
- Promoted and mainstreamed with wider business support packages and schemes - so that the private sector is fully aware of the breadth of support and investment available.
- Avoid duplication of any existing activity and add value to provision that already exists on a local / regional level.

On a broader point regarding providing access to the EU programmes for the Private and Third sectors, we would echo the comments made in the NAFW study into ' The Effectiveness of European Structural Funds in Wales' that WEFO / WG provide project sponsors from the third and private sector with expert procurement and specialist help.

10. What do you think the balance between ERDF and ESF resources should be (in percentage terms)?

ERDF	ESF	Please tick below
75%	25%	
60%	40%	
50%	50%	✓
40%	60%	
25%	75%	
		Other (please specify)

Please add in any reasons for your response in the box below:

DCC are of the view that 50/50 is appropriate for the purpose of creating structural economic change. It is imperative that investments under ERDF should lead to high quality employment opportunities; otherwise investment in skills training and engagement under ESF will merely exacerbate the out migration of people of working age from the local area.

We would welcome the greater cross fund flexibility of ERDF to allow up to 10% to be spent on ESF activities, and better links between funds through integration which will maximise the benefits that one will have from the other. E.g. ERDF – Social Clause Contracts, ESF – Trained local Workforce.

11. What circumstances would warrant the transfer of resources between West Wales & the Valleys and East Wales?

This has to be on a needs basis, and that there is evidence proving the need to transfer some of the resources to East Wales.

12. How might implementation of future programmes be simplified and streamlined?

In order to streamline and simplify delivery of the new programmes DCC would welcome the **Integrated Regional Framework** approach to project delivery. It would allow stakeholders to work together & with other service providers to deliver packages of activities & interventions funded by CSF funds. It could build on existing structures both regional and sub regional and build also on existing regional projects and spatial programmes delivering in the region. The advantages to doing this is threefold

1. You avoid the duplication and overlaps in activities and interventions seen during this round of programmes (in particular P2 ESF) and have a single approach to programme delivery.
2. You achieve the Critical Mass of stakeholder engagement required to generate sustainability of programme actions
3. You are able to deliver intervention based on local need

Continued independent source of EU Specialist Advice – the SET network delivered through EU Technical Assistance funding as part of the 2007-13 programmes has proved invaluable in assisting project sponsors not only in the development phase (ensuring strategic fit and project synergy), but in particular the aftercare function in terms of operating in full compliance with EU funding regulations. Based on the findings of the recent SET Evaluations the overriding message is that SETs are seen to be arm's length from the Managing Authority, it is seen as an independent / honest broker that exists to support both project delivery by Sponsors, and supporting WEFO on the other hand in maximising the positive impacts of Structural Funds. It is imperative that the service continues in 2014-2020 as it provides a supporting aspect to projects that cannot be achieved by WEFO.

EU Guidance Notes for Project Managers – The range of WEFO Guidance Notes that have been produced for the current programmes is to be commended. However, there have been too many examples of ambiguity and different interpretations by PDOs of guidance documents that have resulted in mixed messages and delayed delivery. In addition, their current wording is pitched towards experienced practitioners, with inexperienced project managers often struggling to correctly interpret the expectations of them. The following suggestions are made to further strengthen the Guidance Section to facilitate project delivery during future programmes :

1. Guidance Documents need to be unambiguous in their meaning and in plain English.
2. WEFO Guidance Section on the Website requires further revision to present the Guidance Notes in a clearer and more digestible format by EU practitioners. Better categorized sections which sequentially follow the project lifecycle. Not only will this facilitate Project Sponsor's access to the information, it will promote compliance from the outset.
3. WEFO Guidance should be supplemented with "Good Practice Templates", in particular for aspects of project implementation. These may include templates for databases, timesheets, reporting mechanisms, risk registers etc. WEFO PDOs have an overview of all projects, and should glean best practice from the best performing projects for circulation to all.

It is acknowledged that the WEFO website has improved significantly from the early days of the current programmes. It has become much easier to find information and documents. These improvements need to continue. We would suggest a FAQ section where common issues can be clarified quickly and consistently.

Audit and Payment Systems - We would argue that there needs to be greater integration of the payment systems of ERDF, ESF and RDP. There are some strong aspects of the payment systems for ERDF and ESF which are missing from RDP and should be established.

We are of the opinion that the funding process needs to be as simple as possible. With controls over information requirements, monitoring and evaluation and external inspection in proportion to the level of risk to the funds involved.

This however does not mean that WEFO should be overly risk averse. Risk should not be offloaded onto project sponsors it must be a balance that is effective, efficient and fair. Effective risk management processes should be developed which can balance the level of risk between WEFO and the project sponsor. Reducing the burden for smaller less risky projects.

13. To what extent is there scope for streamlining our Partnership Arrangements?

	✓	
Completely	To some extent	Not at all

Please add in any reasons for your response in the box below:

There is scope for streamlining partnership arrangements, because it is an essential aspect of working collaboratively. Partnerships have to be a 'true' partnership, but the balance should vary depending on their purposes. The current arrangements of the 4 workstreams and EPPF are Task and Finish Groups, what happens when their work programmes come to an end? The PMC is the compulsory function of the programmes, there is a need therefore to ensure that it is fit for purpose and able to meet the demands of its role.

There needs to be the following caveats with partnership arrangements however – they need to have positive and constructive work outputs and not just be mechanisms for the sake of mechanisms. Furthermore, they need to be constantly reviewed so that changes can be made if they are no longer serving their purpose. Partnerships should be about the outcomes and not about the mechanisms.

We do not feel that EU Partnerships should be distinct from Regional Development Partnerships / Boards that seek to achieve the outcomes the Programmes are aiming at. We feel it would be better that EU funding was seen as a mechanism for achieving outcomes rather than an end in itself that required a separate Partnership. We feel that these separate Partnerships divorced projects and initiatives from the mainstream and made it harder to integrate successful projects and reduce duplication.

We would emphasise the need to adhere to Code of Conduct on Partnership that we as a Member State have signed up to and which underpins the Partnership Agreement between UK and EC and stresses that all levels of government must be included in the development and implementation of the programmes.

14. We have asked a number of specific questions. If you have any related issues which we have not specifically addressed, please use this space to report them:

Strategic Aims and Objectives - In terms of a strategic definition and the principles for the selection of projects, a balance should be struck between utilising EU intervention to address market failure, against targeting investments to capitalise on opportunity where economic drivers exist. The emphasis for strategic planning and projects must be counter-balanced with local and regional needs if interventions are to achieve their intended aims. The scope for part of the programmes to be delivered at sub-regional / regional levels through Integrated Regional Action Plans and Community Led Local Development should be explored fully with local and regional authorities.

Geographical Concentration – Intervention has historically been justified on the basis of market failure, as this provides the underlying justification for Economic Development intervention by the public sector. Where activity is justified on the premise of “opportunity” (e.g. significant private sector investment or key sectors), intervention must also address underlying market failure to support the structural economic change required.

Matched Funding – There is considerable pressure on matched funding across the public sector. Given this and the poor engagement of the Private Sector during this programming period it’s imperative that WEFO / WG provide project sponsors from the third and private sector with expert procurement and specialist help to access funding opportunities directly. We would also welcome a review of Article 55 which is felt to be a barrier to engagement for the private sector within the current round of programmes

Simplification – In order to streamline and simplify delivery of the new programmes DCC would welcome the Integrated Regional Framework approach to project delivery. It would allow stakeholders to work together & with other service providers to deliver packages of activities & interventions funded by CSF funds. It could build on existing structures both regional and sub regional and build also on existing regional projects and spatial programmes delivering in the region.

Project and Programme Evaluations - Linked to the comments above we would suggest that there is a lack of a co-ordinated approach to learn the lessons from current experiences to help inform the characteristics of successful projects in future rounds. Due to a lack of planning, there is a lack of information available to help guide the design of new EU programmes (i.e. no mid-term Evaluation deadlines set for WEFO to take stock of existing interventions). During programmes a coordinated response

Outputs, Outcomes and Indicators

We would welcome the move towards an Integrated Regional Framework of projects, it would be an opportunity to allow projects to contribute towards overall programme aims based on local need and potential outcomes rather than setting unrealistic targets. We would urge WEFO to adopt a more flexible approach to indicators, allowing a project to respond to local need whilst still complying with Programme objectives. We would encourage the continued monitoring of softer outcomes and better understanding by WEFO of their progression to harder outcomes for some ESF projects in particular.

Responses to consultations may be made public – on the internet or in a report. If you would prefer your response to be kept confidential, please tick here: