

ECONOMIC DEVELOPMENT COMMITTEE

Date: 26 January 2000

Venue: Committee Room 2, National Assembly Building

Title: European Structural Funds: Update

PURPOSE

1. The paper describes preparations for Objective 1 and other European programmes. The Committee's views are sought on these matters.

OBJECTIVE 1

(a) Discussions with the European Commission

2. Following informal exchanges between the Commission and representatives of the Welsh partnership in November and December 1999, a further provisional programme of discussions has been agreed for the first Quarter 2000. The aim remains to complete the discussions around end-March/early April.

3. The Commission have provided preliminary reactions to the Single Programming Document. Their official response is expected around the end of January and will identify the range of issues to be covered in the discussions. These are expected to include a possible re-focusing of rural development issues within the SPD and, more generally, the provision of additional analysis and data to support the various Priorities and indicative measures it contains. The financial structure of the SPD and arrangements for implementation of the Programme will also be covered. A structural funds Working Group is in place to manage issues arising in the talks, to develop the required Programme Complement and to develop detailed guidelines for implementation.

(b) Publicity

4. A pamphlet providing general guidance on Objective 1 has been prepared and will be published before the end of January. It will receive wide circulation through organisations representing business, the voluntary sector, local Government and other partnership groups. Around 100,000 copies will be available for distribution.

5. As well as providing general guidance on the opportunities arising from Objective 1 and how it will be administered, the pamphlet encourages interested parties to develop their contacts with the appropriate representative bodies, who will be closely involved in the design and implementation of national, regional and local packages and will therefore be best placed to advise them on their specific sector interests. In addition, the pamphlet provides an Assembly

"hot-line" contact point to advise enquirers on how particular ideas or interests might best be pursued. The Assembly's web-site already contains the European programme documents and both the pamphlet and later literature will be made available through this medium. The design of comprehensive guidance for the site is part of the planning for Programme launch.

6. The intention is that the next round of publicity should be specific rather than general. In particular, it is proposed that tailor-made literature should be made available to the three main sectors - business, voluntary sector and the public sector, including local authorities - and carry the guidance most relevant to them.

(c) Monitoring Committee

7. Consultations with the partnership on the structure and membership of an Objective 1 Monitoring Committee ended on 10 January and nominations for membership are under consideration within the Assembly. Decisions will be announced shortly.

(d) Programme Executive

8. Recruitment of a Chief Executive for the new executive body is in train and a decision on the appointment is expected to be made in early February.

9. More generally, comprehensive preparations are being made for the launch of the Programme Executive from 1 April, when it will assume responsibility for all Structural Funds and related Programmes. It will be staffed from divisions of the Assembly and from the Welsh European Programme Executive Ltd (WEPE). The WEPE company will be formally dissolved later, when annual accounts have been completed and other statutory requirements complied with.

10. Preparations are currently on schedule, including arrangements for the transfer of staff, property leases and other assets and liabilities from the WEPE company and the setting up of new systems and services for the executive.

(e) National, Regional and Local Packages

11. There are extensive partnership discussions in hand to determine the range of packages that might operate at the Programme-wide level, though formal decisions will be the responsibility of the Programme Monitoring Committee following agreement of the SPD. Annex A gives examples of some of the key areas under discussion.

12. A programme of informal discussions between the Assembly, local authorities and their partners in the Objective 1 region has also been launched. The aim is to establish the state of planning within each area and the partnership arrangements in place or proposed, to identify the range of local actions likely to form part of a local package, and to consider the interaction of packages at the local, regional and local levels. The intention is to complete this round of discussions during February.

13. A study is also in hand, including consultations with other UK Objective 1 regions, to address the operational, financial, accountability and other issues that arise in relation to the establishment of "accountable bodies" for the implementation of approved action plans. The help potentially available from the European Commission through technical assistance funding for programme administration is also under examination.

(f) Planning

14. One of the key issues which arose during earlier consultations was the need for further work on the spatial implications of the Assembly's vision for Wales and emerging strategies and programmes, including the draft National Economic Development Strategy, Objective 1 and the Rural Development Plan. To reflect this, work on a Planning Research "Scoping Study" has been extended to make a start on this work. The report will be delivered in March this year. It is being used to support and enhance the draft Objective 1 Single Programming Document, and will also provide a framework for, and inform, future work on spatial policy development.

RURAL DEVELOPMENT PLAN

15. In accordance with the relevant Regulations, the Rural Development Plan approved in draft by the Assembly in December was submitted to the Commission ahead of the 3 January deadline. Commission officials are presently assessing the Plan to determine whether it is receivable and have indicated that they will respond by the end of January.

16. The Regulations allow for a 6 month negotiating period following receipt of the Plan. The Plan sets out a proposed strategy for rural development in Wales and explains the relationships with the Objective 1 and other programmes. A number of all-Wales measures linked to agriculture and on-farm forestry are included along with wider rural development measures in East Wales.

OBJECTIVE 2

17. The UK Government's proposals for Objective 2 have now been accepted by the Commission (in respect of Wales, without amendment), and formal confirmation of that is expected soon. Coverage is defined by ward, and the areas covered in Wales are listed at Annex B. Areas in the former Industrial South Wales Objective 2 and Rural Wales Objective 5b programmes not covered by the new Objective 2 programme will be eligible for transitional funding.

18. The overall value of the programme, including transitional support, is expected to be around £68 million over the seven-year period (transitional funding of some £18 million will be over 6 years). A Single Programming Document for the new Objective 2 area is in the course of preparation by the partnership, and a draft for consultation will be submitted to the Committee shortly. The intention is to submit the document in final form to the Commission by 30 April. There will then be a period of negotiation with the Commission before the programme

becomes operational later this year.

OBJECTIVE 3

19. The Objective 3 Operational Programme was submitted to the Commission on 21 December, in parallel with those from England and Scotland. Confirmation was received this week that the document has been

formally accepted by the Commission as a basis for negotiation. Advice is awaited from the Commission on when these negotiations will commence.

20. At present, negotiations are taking place with the Commission at the UK level on the overarching UK Community Support Framework (CSF) and these are expected to be completed by mid February. Negotiations on the individual Operational Programmes are expected shortly after this, with the aim of reaching agreement by April 2000. A sub-group of the Structural Funds Working Group will meet in early February to deal with both Objective 3 and the Human Resource aspects of Objective 1, to ensure a coherent approach across the various structural fund programmes. A broad range of organisations (including National Training Organisations, the Employment Service and Careers Companies) will be involved, in addition to representatives of higher and further education, Training and Enterprise Councils and the voluntary sector. The group will support the development of the Programme Complements for both Objectives 1 and 3 and contribute to discussions on implementation arrangements. Work on the Programme Complement for Objective 3 is already reasonably well advanced, though it will need to take account of the progress of the negotiations and the work on packages.

COMMUNITY INITIATIVES

21. There will be four Community Initiatives for the period 2000-2006, a significant reduction from previous years. These are:

- INTERREG (ERDF)
- URBAN (ERDF)
- LEADER+ (EAGGF)
- EQUAL (ESF)

All four initiatives are structural funds, and therefore follow the same Regulations as Objectives 1, 2 and 3.

22. Draft Guidelines governing the Initiatives were published in October 1999. The European Commission is currently consulting Member States and the European Parliament, and the final Guidelines are likely to be published in the Official Journal in the Spring – probably late March or early April. Member States will then have six months to submit plans (four months for EQUAL).

23. A partnership group was established in the Summer 1999 to consider issues arising from the proposed Community Initiatives. Four consultative groups, one for each Initiative and chaired by partner organisations, are preparing final reports which are expected to be available at the end of January. This will mark the end of the first phase in the preparations, and the publication of the Commission's Guidelines in the Official Journal will mark the start of phase 2. A more detailed report on the four Initiatives will be prepared for the Committee in February.

European Affairs Division
January 2000

ANNEX A

OBJECTIVE 1: NATIONAL PACKAGES

National "Packages" are under discussion across a range of priorities set out in the Single Programming Document. The various partnerships responsible for action in each area are being asked to develop these in line with the principle adopted for the Programme Monitoring Committee (PMC) that each party to the partnerships constitutes no more than one third.

2. Outline proposals for national packages will be submitted for discussion by the PMC at its first meeting. Detailed plans will be finalised in the light of the SPD to be agreed with the European Commission and the related Programme Complement.

3. The following are examples of packages under discussion.

Entrepreneurship

4. Following public consultation on its draft proposals, including regional presentations and discussions, the Entrepreneurship Action Plan Steering Group, a widely-based partnership, is drawing up a strategy for consideration by the Assembly which will result in a detailed action plan for exploiting the opportunities presented in Objective 1.

5. Areas under discussion include:

- removing the obstacles to entrepreneurship
- encouraging innovation, enterprise and creativity throughout the whole education process
- widening the horizons of existing entrepreneurs
- stimulating "social" entrepreneurial opportunities and initiatives in local communities
- creating more start-up businesses, in particular more with real growth potential
- increasing the number and proportion of indigenous growth businesses.

Business Connect

6. Enhancement of the Business Connect service as part of the business development objectives set out in the SPD, is under consideration by the Business Connect Board. This includes consideration of the structure and the Accountable Body arrangements, that would be appropriate.

Research and Development

7. The Wales Regional Technology Plan (RTP) was one of the first RTP projects supported by the European Commission and aims to:

- develop a strategy to improve the innovation and technology performance of the Welsh economy
- create a framework for public sector policy towards innovation, including use of European structural funds.

An RTP 2000 project currently under way is charged with developing new projects and initiatives to capitalise on Objective 1 funding.

8. The RTP is managed by the WDA on behalf of a broad-based Steering Group representing a wide partnership of interests from the public and private sectors. It is likely to be proposed as the lead body to assume responsibility for the delivery of R and D objectives agreed in the SPD.

Business Finance

9. The Assembly has asked that an independently managed Bank or similar Fund is established early in the 2000--2006 European funding period to provide SMEs with flexible and sustained finance for development. A Task Group chaired by John Clarke has been formed to carry forward this work with representation including the FSB , Chamber Wales, WDA, and the private sector. The Group is working closely with the three English Objective 1 regions to share best practice in the design of the Fund, and in the approach to prospective partners and the European Commission. The issues under consideration include the legal and accountability structure of The Fund.

ICT

10. A package is under discussion which will include:

- developing a centre of excellence to ensure best practice for a knowledge centre, training, advisor training, and advisor contact strategy across Welsh SMEs.
- public, private and voluntary sector partnerships across Wales to allow SMEs to benefit from trusted advisors who are able to understand their business and provide quality advice on how to progress E business.
- all-Wales, sector and regional "portals" to support SMEs improve efficiency and provide a gateway for customers.

- advice to SMEs, including the hardware, software applications and access to services.

11. A partnership approach is being pursued through a steering group with high level representation from the public, private and voluntary sectors. The intention is that the project would be taken forward by a non-profit-making organisation.

Agri Food Programmes

12. An outline framework has been prepared for the delivery of an Objective 1 programme comprising:

- the key issues facing the agri-food sector in Wales
- a vision statement for the status and characteristics of the sector by 2007
- detailed action points across each part of the sector
- delivery mechanisms and organisational structure.

The programme covers:

- Farm services and support
- Farm businesses and land-based SMEs
- the Food Processing Sector (excluding marketing and sales)
- Processing and marketing of other primary products
- Marketing promotion and sales
- Market channels
- Infrastructure provision
- Research and other services
- organic and other conversion programmes

Tourism

13. The package approach in this sector will be based on The National Action Plan for Tourism, which will provide the principal vehicle for implementing 'Achieving Our Potential' and bringing about the integration of EU and domestic funding for marketing and development.

14. The Plan will implement four strategic objectives:

a. to market more effectively as a non-school holiday limited leading to a year round tourism destination, through creating a strong tourism brand for Wales within overseas and key UK markets.

b. to exceed the expectations of visitors to Wales by improving the quality of the product and ensuring that it is responsive to visitors changing needs. This will involve in particular capital grants to tourism SMEs.

c. to improve professionalism and innovation by raising the profile of the industry by enhancing skills, training and motivation within its workforce.

d. to embrace a sustainable approach to tourism development which benefits society and enhances Wales' unique environmental and cultural assets.

Preparation of the package proposals as well as the management and other implementation arrangements will be carried through through an appropriate partnership.

EMPLOYMENT MEASURES

15. This package will be designed to help unemployed people and the broader economically inactive client groups back into work. It will include enhancements to the existing New Deal programmes for unemployed people, including extending eligibility to people who are currently ineligible (ie shortening the qualifying periods); strengthening support for the most disadvantaged; and providing ongoing support for those who secure jobs to ensure that they successfully make the transition into sustainable employment.

16. The package will also include significant enhancements to the other New Deal programmes aimed at helping disabled people; lone parents; partners of unemployed people and older workers into employment, by making available employment subsidies, education, training and work experience opportunities, in addition to existing guidance and support services.

17. The Employment Service as lead organisation will work closely with the Wales New Deal Task Force and local New Deal partnerships in the development of this package. There will also be scope for local initiatives aimed at adding value to the New Deal programmes to be included in local packages.

Human Resources

18. Representatives of FE, HE, the TECs and the Careers Companies are developing proposals for achieving an integrated and strategic approach to the delivery of HRD priorities under the new Structural Fund programmes. These envisage a new European Development Unit which would:-

- a. facilitate the joint working of a partnership of organisations involved in human resource development;
- b. develop action plans relating to FE, HE, TEC and Careers activities in consultation with the wider partnerships;
- c. provide advice and support to partners on the development and management of projects;

- d. be responsible for the effective delivery of the overall action plan; and carry out monitoring, evaluation and impact assessment of the various packages of education and training programmes.

19. The Unit would involve specialist staff, initially seconded from the sectors involved. The proposal is that the Welsh Funding Councils might be used as the legal and financial base and enable it to fulfil the functions of an "accountable body". Once CETW and its working procedures have been firmly established, the Unit would be formally staffed and integrated within the Welsh Funding Councils.

20. The four sectors have provided the following information on the possible scope of programme-wide HRD packages:-

- Skills, Research and Analysis
- Establishment of a Skills Observatory for Wales to undertake research and analysis into all aspects of education and training activity related to skills needs.
- Higher level Skills

Postgraduate training; Graduate Retention; graduate Placement

- Specific and Technical Skills
- Intensive skills training linked to employer needs; Centres of Excellence
- which develop existing provision
- Management Development and Technology based Learning
- National Management Development Programme developed in partnership with the Wales Management Council; Support for the Entrepreneurship
- Action Plan; Community Technology College Developments; Development
- of learning packages linked to UFI
- Generic/Transferable Skills
- Development of a generic skills programme to include enterprise, innovation and environmental awareness.
- Workforce Development
- Growth strategies for targeted SMEs; further development of ILAs; sector
- development; further development of National youth and adult training schemes; learning at work programmes; Time Off for Study: Assessment
- and Careers Guidance; mentoring.
- Widening and Sustaining Participation
- Links between FE/HE with voluntary sector and NTOs; overcoming barriers
- to participation; assessment and guidance; personal development and mentoring.
- Continuous Professional Development
- Supporting the development and upskilling of trainers and mentors in educational and training organisations and in SMEs.

- Strategic Improvement of training Facilities, Structures and Systems
- Targeted support within WFCs current capital programme for facility, ICT system and quality system improvement, in line with the current Lifelong Learning Strategy for Wales (LIFE), and linked to increases in participation,
- improved links between academia and industry, and targeted sector development. On-line information, advice and guidance services, including use of new (digital and analogue) interactive technology.
- Transition from Education to Work
- Careers information advice and guidance; Youth Gateway Links; Time Off for Study; Progress File and Education Business Links activities, including work experience, employer mentoring, enterprise.

ANNEX B

OBJECTIVE 2 PROPOSALS FOR WALES

The following wards in Cardiff

Adamsdown
 Butetown
 Grangetown
 Riverside
 Ely
 Caerau
 Canton
 Splott
 Rumney
 Trowbridge

The following wards in Newport

Marshfield
 Graig
 Rogerstone
 Tredegar Park
 Liswerry
 Llanwern
 Stow Hill
 Bettws
 Pillgwenny

The following wards in Powys:

Llanrhaeadr-ym-Mochnant
Llansillin
Aber-Craf Bronllys
Builth
Cwm-Twrch
Erwood
Felin-Fach
Llanafanfawr
Llangamarch
Llanwrtyd Wells
Llywel
Maescar
Tawe-Uchaf
Ynyscedwyn
Yscir
Ystradfellte
Ystradgynlais
Banwy
Berrlew
Cadfarch
Caersws
Carno
Churchstoke
Dolforwyn
Forden
Glantwymyn
Gullsfield within
Gullsfield without
Kerry
Llanbrynmair
Llandinam
Llandrinlo
Llandysilio
LlanfairCaereinion
Llanfihangel
Llanfyllin
Llangurig
Llanidloes East
LlanidloesWest
Llansantffraid
Llanwddyn
Machynlleth No 1
Machynlleth No 2

Malfod
Mochdre
Montgomery
Newtown Central
Newtown East
Newtown Llanllwchaiarn North
Newtown Llanllwchaiarn West
Newtown South Rhiewcynon
Trefeglwys
Trewern
Welshpool Castle
Welshpool Gungrog
Welshpool Llanerchydol
Beguidy
Clyro
Disserth and Trecoed
Gladestry
Glasbury
Glaescwm
Knighton
Llanbadarn Fawr
Llanblster
Llandrindod East
Llandrindod North
Llandrindod South No 1
Llandrindod South No 2
Llandrindod West
Llanelwedd
Llanfihangel Rhydlyth
Llangunllo
Llansanffraed-Cwmdeuddwr
Llanyre
Nantmel
New Radnor
Old Radnor Painscastle
Presteigne
Rhayader Town St Harmon

TOTAL POPULATION - 270,000

