

Y Pwyllgor Cyllid

Lleoliad:
Ystafell Bwyllgora 2 – Y Senedd

Dyddiad:
Dydd Mercher, 25 Ionawr 2012

Amser:
09:00

Cynulliad
Cenedlaethol
Cymru

National
Assembly for
Wales



I gael rhagor o wybodaeth, cysylltwch â:

Naomi Stocks
Clerc y Pwyllgor
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Agenda

Cyfarfod briffio preifat (9:00 – 9:15)

1. Cyflwyniad, ymddiheuriadau a dirprwyon

2. Effeithiolrwydd y cronfeydd strwythurol Ewropeaidd yng Nghymru (9:20 – 10:00) (Tudalennau 1 – 10)

Cynhadledd Fideo: Y Comisiwn Ewropeaidd

FIN(4) 02–12 – Papur 1, Papur 2

- Guy Flament, Swyddog Polisi Rhanbarthol y Gyfarwyddiaeth Gyffredinol, y Comisiwn Ewropeaidd
- Marc Vermyle, y Gyfarwyddiaeth Gyffredinol dros Gyflogaeth, y Comisiwn Ewropeaidd

3. Effeithiolrwydd y cronfeydd strwythurol Ewropeaidd yng Nghymru – Cymdeithas Llywodraeth Leol Cymru (10:00 – 10:40) (Tudalennau 11 – 22)

FIN(4) 02–12 – Papur 3

- Lowri Gwilym, Rheolwr Tîm – Ewrop ac Adfywio
- Neville Davies, Cyngorwr Ewropeaidd Cymdeithas Llywodraeth Leol Cymru a Phennaeth Polisi Ewropeaidd a Chyllid Allanol, Cyngor Sir Gaerfyrddin
- Peter Mortimer, Cyngorwr Ewropeaidd Cymdeithas Llywodraeth Leol Cymru a Rheolwr Adfywio, Cyngor Bwrdeistref Sirol Rhondda Cynon Taf

4. Effeithiolrwydd y cronfeydd strwythurol Ewropeaidd yng Nghymru – Coleg Sir Benfro a Choleg Morgannwg (10:40 – 11:20)

(Tudalennau 23 – 31)

Coleg Sir Benfro

FIN(4) 02–12 – Papur 4

- Nicky Howells, Rheolwr Cyllid Allanol, Coleg Sir Benfro
- David Evans, Cyfarwyddwr Cyllid

Coleg Morgannwg

FIN(4) 02–12 – Papur 5

- Judith Evans, Pennaeth, Coleg Morgannwg
- Karen Phillips, Dirprwy Bennaeth, Coleg Morgannwg

Egwyl 11:20 – 11:30

5. Effeithiolrwydd y cronfeydd strwythurol Ewropeaidd yng Nghymru – Y Pwyllgor Monitro'r Rhaglen (11:30 – 12:00)

Dr Mark Drakeford, Cadeirydd, y Pwyllgor Monitro'r Rhaglen

6. Papurau i'w nodi (Tudalennau 32 – 45)

FIN(4) 02–12 – Papur 6 – Ymateb y Gweinidog Cyllid i'r gwaith o graffu ar gyllideb Llywodraeth Cymru ar gyfer 2012–2013

FIN(4) 02–12 – Papur 7 – Gohebiaeth gan yr Ysgrifennydd Parhaol ynghylch cyllideb Llywodraeth Cymru ar gyfer 2012–2013

Cofnodion y cyfarfod blaenorol

7. Cynnig o dan Reol Sefydlog 17.42 i benderfynu gwahardd y cyhoedd o'r cyfarfod ar gyfer y busnes a ganlyn:

Items 8 and 9.

8. Benthycia darbodus a dull arloesol o ddefnyddio arian cyfalaf. – Cylch gorchwyl drafft (12:00 – 12:25) (Tudalennau 46 – 62)

9. Protocol y Gyllideb Ddrafft gyda Llywodraeth Cymru (12:25 – 12:30) (Tudalennau 63 – 74)

FIN(4)-02-12 Papur 1

To what extent does the European Commission consider the Convergence and

Inquiry into the effectiveness of current EU Structural Funds programmes 2007-2013 led by the Finance Committee of the Welsh National Assembly – Contribution from DG EMPL

Regional Competitiveness and Employment Programmes in Wales for the 2007-13 period, to have achieved- or to be achieving- their intended objectives?

To date some 84% of the four programmes (2 ESF, 2 ERDF) has been committed to 253 projects with a pipeline of projects to ensure that full commitment will be achieved. The total cost of these approved projects is £3.2billion with an EU contribution of £1.6 billion.

Total certified expenditure stands at £536m (27% of the available resources) and all N+2 expenditure targets, to date, have been met.

Based on payment claims submitted to and authorised by WEFO, total expenditure is over £1 billion (EU funds £536m, 27% of EU available resources).

Very good progress is being made towards a range of programme level indicators and key achievements to date include for the ESF Programmes

- 279,000 participants supported through ESF programmes
- 33,600 participants entering employment
- 80,700 participants gaining a qualification
- 28,250 participants entering further learning

DG EMPL is monitoring closely the financial and physical achievements of the programmes and is kept regularly informed by WEFO (mainly via the PMC reports, the Annual report and the Annual examination meeting).

Overview as provided to Monitoring Committee of December 2011

ESF Convergence

j) Commitment and Approvals

The Programme is well on target in respect of commitment with over 90% of the EU allocation already committed and 76 projects approved. In addition, the pipeline is strong with a range of projects offering good enough strategic fit to Programme objectives to ensure full commitment and spend.

At 98% Priority 1 is virtually fully committed; with Priorities 2 and 3 also securing high commitment levels of 94% and 89% respectively. Priorities 4 and 5 lag slightly behind at 64% and 57% committed and proposals to vire funding out of these Priorities into more active areas of the Programme to secure full commitment and spend are currently being negotiated with the Commission.

This represents a robust performance for the Programme, which since the start of implementation in 2007 has had to adapt to the impact of the recent recession and a major shift in the policy and landscape of employment support with the introduction of the UK Government's Work Programme.

ii) Results

Good progress is being made against a range of the Programme-level indicators with:

- approximately 85% of the total participant target already met,
- 95% of the target for participants entering employment secured; and
- 84% of the target for participants gaining qualifications already achieved.

Good progress is also being made against the targets for female participation and entering further learning. At 44% female participation is close to the Programme target of 55%, and over 45% of the target for participants entering further learning has been achieved

The 35,000 participant target for Priority 1 has already been exceeded and the Priority is making good progress at 74% towards a target of 10,500 participants securing qualifications and at 55%, of 21,000 participants entering further learning. Both targets are forecast to be achieved.

Priority 2 is making excellent progress with 84% of the overall participant target already met. High levels of performance are also being secured with 95% of the 27,500 target for participants entering employment and 93% of the 31,500 target for participants securing qualifications already achieved.

Priority 3 is making progress with 64% of the 90,000 participant target already met. Good progress at 79% is being made towards a target of 37,530 participants securing a qualification.

Priority 4 sets out to improve public sector services and as such represents a new area for ESF support. Its performance has been subject to a slow start and a more of a focus on the collaborative agenda than on raising the skills profile of the public sector workforce as originally envisaged. Currently, 26% of the participant target is being forecast to be achieved, along with over 100% of the targets for dissemination initiatives, employers assisted or financially supported, initiatives to support Local Service Board development, collaborative agreements between public service bodies and organisational learning and development strategies.

ESF Competitiveness

i) Commitment and Approvals

The Programme is well on target with commitment at 98% of the EU allocation and 22 projects approved. In addition, the pipeline is strong with a range of projects

offering good enough strategic fit to Programme objectives to ensure full commitment and spend.

ii) Results

Good progress is being made against a range of Programme-level indicators with:-

- the targets for participants and participants entering employment already met; and
- nearly 90% of the target for participants gaining qualifications secured.

The 14,000 participant target and the 3,500 target for participants entering employment for Priority 1 have already been exceeded. Good progress at 78% is also being made towards the target of 4,200 participants gaining a qualification.

The 12,600 participant target for Priority 2 has been exceeded and nearly 100% of the 5,450 target for participants gaining a qualification has already been achieved.

In conclusion, targets for both ESF programmes are being re-negotiated with the European Commission. The majority of targets are being increased to reflect both the high performance to date and the high levels of future activity forecast by approved projects and those in the pipeline. A small number of targets are being reduced to reflect the refocus of Programme activity to address shifts in the labour market and address the increase in levels of youth unemployment.

Commitment levels

- WEFO has achieved all programme annual expenditure targets (n+2) to date, including this year's end of calendar year targets for the ESF programmes. This is despite the difficult economic climate and the challenges posed by the fluctuating exchange rate with the Euro.

Does the European Commission consider the various projects/actions funded by European Structural funds in Wales (for 2007-2013) to be delivering value for money?

- WEFO has adopted a strategic approach with a stronger focus on objectives, outputs and outcomes to secure a more effective use of the funding by avoiding waste and minimising duplication.
- Through a stronger emphasis on open and competitive procurement there is, at project level, an assurance that maximum value for money and benefit is achieved
- WEFO monitors project performance closely through regular project reviews meetings and de-commits funding from under-performing projects for re-cycling to new or approved projects.

The 2007-2013 programmes have made a significant contribution to addressing the impacts of the recession in Wales through schemes such as ProAct and ReAct,

Does the European Commission have any concerns about the availability of public sector match funding in Wales or in the use of the Welsh Governments Targeted Match Fund?

Public match funding is turning out to be a critical issue across Europe for structural funds programmes owing to the economic downturn and the effects of the financial crisis. The Comprehensive Spending Review which was implemented as a result of the public finance deficit in the UK led to a significant reduction of WAG budget. Members of the Committee are aware that the budget has been substantially reduced and will be under continued pressure in the coming years. However, WEFO is confident that existing commitments will be honoured.

- WEFO closely monitors the match funding position of each project at its review meetings with sponsors.
- WEFO will consider the possibility of front or back loading structural fund payments to projects, and reviewing the project intervention rates on individual case by case basis.
- WEFO agreed revised EU intervention rates with the European Commission in 2009 – this allows greater flexibility to mitigate potential match funding pressures.
- The All Wales Programme Monitoring Committee is kept informed of the impact of the Comprehensive Spending Review on match funding.
- The Welsh Government has committed a match funding pot of ‘last resort’ called Targeted Match Funding to match-fund projects which struggle to secure appropriate match funding from other sources.
- WEFO agreed revised EU intervention rates with the European Commission in 2009 – this allows greater flexibility to mitigate potential match funding pressures. However whilst higher intervention rates were agreed with the Commission as part of its support to the economic recession, the Welsh Programmes have been able to continue to secure match-funding.

How effectively does the European Commission believe the Welsh European Funding Office (WEFO) have monitored and evaluated the impact of projects?

The evaluation and monitoring systems implemented by WEFO are regarded by EMPL as cases of good practice. Regular meetings with projects sponsors enable WEFO to keep track of the projects' physical and financial performance. The Evaluations are supervised by an Evaluation Committee, where Commission representatives together with programme partners participate.

- WEFO has strengthened the evaluation arrangements for 2007 -13 programmes at programme and project level, building on lessons learned from the evaluation of the 2000–06 programmes.

- Progress of programmes is monitored through a comprehensive set of indicators at priority level covering activities and results. Impacts are measured through evaluation activity.
- WEFO also uses *tracking* indicators - provide the overall context for assessing progress in each region. These include economic data, labour market data, innovation, skills, enterprise as well as data on social cohesion.
- There is clear guidance for project sponsors on how outputs and results should be reported and this is reinforced at regular project review meetings.
- The participant database, for ESF, allows WEFO to track the journey undertaken by participants as they progress from unemployment / inactivity to employment.

Does the European Commission have any concerns regarding the sustainability beyond 2013 of the activities and outputs delivered through projects financed during the current round of Structural Funds?

- All Welsh projects are required to address the future sustainability of their activities as part of the business planning process. Not all projects will be sustainable as evaluations will indicate which interventions best meet Programme objectives.
- Investments in training and up-skilling people intend to deliver long-term benefits.
- In line with EC regulations, EU funds exist to add value to strategies for growth and jobs, and not to support the core activities of organisations.
- Benefits of the delivery of the programmes and projects will still accrue after the Funds have been spent – for example through the long-term investment in people through training and up-skilling.

Does the European Commission consider the private sector to be sufficiently engaged in accessing European Structural Funding in Wales? How does Wales compare to other parts of the EU in terms of engaging the private sector in the EU Structural Funds programmes?

- Delivery of programmes is focused on supporting businesses and helping people into work and training, but WEFO focuses more on who the beneficiaries are rather than who leads the project.
- Despite being encouraged to come forward with innovative proposals, there are few private sector led projects. Consideration clearly needs to be given to how best to engage the private sector more extensively going forward. As part of the development of the post 2013 programmes it will be important to explore how the

EC's proposed simplification measures can be maximised to encourage participation.

- Public sector organisations frequently act as the conduit for the private sector to obtain flexible and easy access to EU funds.
- At 31 December 2011, the estimated value of procured delivery contracts for approved projects (ERDF + ESF) is £1 billion. Those projects with completed procurement exercises have awarded contracts worth some £700m to organisations, of which £380m is to private sector organisations and £107m to the third sector.

In 2009, WEFO negotiated an increase in programme intervention rates with the European Commission for the two ERDF and the ESF Convergence Programmes. In its July 2010 report, the Enterprise and Learning Committee noted that the South West Regional Development Agency had negotiated higher intervention rates with the European Commission. Is Wales making the most effective use of increased programme intervention rates?

- WEFO agreed revised EU intervention rates with the European Commission in 2009 – allowing greater flexibility to mitigate potential match funding pressures.
- However, whilst higher intervention rates were agreed with the Commission as part of its positive support to the economic recession, the Welsh Programmes have been able to continue to secure match-funding, as such higher intervention rates have only been considered as an exception rather than the rule when appropriate match funding can not be leveraged into the project but the overall impact of the project has been assessed sufficient enough to warrant a higher intervention rate.
- As such WEFO has been able to secure the overall size and scale of the Programmes.

Inquiry into the effectiveness of current EU Structural Funds programmes 2007-2007 led by the Finance Committee of the Welsh National Assembly – Contribution from DG REGIO

To what extent does the European Commission consider the Convergence and Regional Competitiveness and Employment Programmes in Wales for the 2007-13 period, to have achieved- or to be achieving- their intended objectives?

November 2011 commitment data shows that good progress is being made towards the agreed Lisbon earmarking targets (70 % for Convergence and 75 % for Competitiveness), particularly with regard to the Competitiveness programme. In West Wales and the Valleys, current Lisbon earmarking accounts for around 65% of expenditure whereas the figure is approximately 68% in East Wales. The breakdown of commitments by categories clearly shows that the funds are mainly earmarked for R&D activities and support for business.

Key indicator targets are likely to be met with some exceptions. The review of indicators is on-going in light of project and thematic evaluations.

The economic recession together with unfavourable market conditions and lack of business confidence have had a negative impact upon some indicator achievements. For example, in the Convergence area, the investment induced indicators are forecast to achieve 80% of the programme target and will remain a challenge until closure of the programme

DG REGIO is monitoring closely the financial and physical achievements of the programmes and is kept regularly informed by WEFO (mainly, via the PMC reports, the Annual report and the Annual examination meeting).

Does the European Commission consider the various projects/actions funded by European Structural funds in Wales (for 2007-2013) to be delivering value for money?

Value for money is measured at the selection phase of the projects. On-going thematic evaluations are being conducted to determine whether the projects approved to date represent the optimum balance of interventions to achieve the objectives set out in the operational programmes. Among other objectives, these evaluations are geared towards assessing whether the investments made within the priorities are adding value to national policies.

The evaluations will be completed by late march 2012. DG REGIO will be examining the reports in order to gauge the effects of its policy in Wales.

ERDF programmes complement the policy actions undertaken by the Assembly. As such, they add value to the objectives pursued by the Assembly.

Does the European Commission have any concerns about the availability of public sector match funding in Wales or in the use of the Welsh Governments Targeted Match Fund?

Public match funding is turning out to be a critical issue across Europe for structural funds programmes owing to the economic downturn and the effects of the financial crisis. The Comprehensive Spending Review which was implemented as a result of the public finance deficit in the UK led to a significant reduction of WAG budget, in particular the Capital budget.

Members of this Committee are aware that the TMF capital budget has been substantially reduced and will be under continued pressure in the coming years. However, WEFO is confident that existing commitments will be honoured.

To counter these match funding pressures, WEFO is working closely with individual project sponsors to establish potential solutions at project level. A number of projects have been re-profiled so that the structural fund payments are back loaded to reflect the availability of public sector resources. Project intervention rates may be revised upwards on a case by case basis. However, this would restrict WEFO's ability to fund the pipeline of projects awaiting support.

How effectively does the European Commission believe the Welsh European Funding Office (WEFO) have monitored and evaluated the impact of projects?

DG REGIO services take the view that the evaluation and monitoring systems implemented by WEFO are cases of good practice. Regular meetings with projects sponsors enable WEFO to keep track of the projects' physical and financial performance. The Evaluations are supervised by an Evaluation Committee, where Commission representatives together with programme partners participate.

The thematic evaluation studies commenced in September 2011 are investigating whether the projects approved to date represent the optimum balance of interventions to achieve the objectives set out in the Operational Programmes. In addition, progress of the Programmes in achieving these objectives is being assessed. Lastly, the evaluation will report on the likelihood of WEFO achieving Programme targets. The studies will be finalised in March 2012.

Does the European Commission have any concerns regarding the sustainability beyond 2013 of the activities and outputs delivered through projects financed during the current round of Structural Funds?

The current round of programmes has seen the introduction of Strategic Frameworks. These are a key tool used to inform the assessment, selection and prioritisation of projects for European funding in compliance with the programme strategy.

In relation to the transformational aim of the OP, all projects are assessed for their legacy contribution, their value contribution and their capacity to achieve the exit strategy.

DG REGIO is of the opinion that maintaining the strategic line through the selection process and monitoring closely project performance provides assurance that the programmes will deliver their desired outcomes. However, there is always the possibility of unforeseen circumstances (i.e. an economic recession, a change in macro-economic conditions) that could negatively impact upon the long-term impacts of the programmes.

In addition; the current programmes have made substantial investments in financial engineering instruments (JEREMIE, JESSICA). The legacy fund generated by the instruments will be ploughed back into the Welsh economy to assist SMEs, as happened in the previous programming period.

Does the European Commission consider the private sector to be sufficiently engaged in accessing European Structural Funding in Wales? How does Wales compare to other parts of the EU in terms of engaging the private sector in the EU Structural Funds programmes?

In comparison with other countries, the UK has always been at the forefront in engaging the private sector in the ERDF programmes.

As to Wales, the private sector has always been closely associated with the development and delivery of the European programmes. The private sector is represented on both the Programme Monitoring Committee 2007–2013 and also on the European Programmes Partnership Forum which has been established to ensure a true partnership approach to post-2013 programme development.

Private sector engagement in the 2007–2013 programming period has been relatively strong. The Structural Funds programmes have invested £730 million, including match funding, in projects supporting businesses. These include public sector-led schemes, such as JEREMIE, which has already committed some £75m to over 360 SMEs.

The Private sector is also benefiting from the procurement opportunities of EU Structural Funds projects, having already won £370m (57%) of the total reported contracts to date.

However, there are very few private sector led projects (EU funds of some £20m approved for private sector led projects in Wales) as Wales is primarily a public-sector economy. Thus, consideration needs to be given to how best to engage the private sector more extensively in the future. WEFO is exploring ways of encouraging greater private sector involvement and overcoming obstacles to accessing EU funds. For instance, increased use of financial engineering instruments such as JEREMIE and JESSICA could be envisaged.

In 2009, WEFO negotiated an increase in programme intervention rates with the European Commission for the two ERDF and the ESF Convergence Programmes. In its July 2010 report, the Enterprise and Learning Committee noted that the South West Regional Development Agency had negotiated higher intervention rates with the European Commission. Is Wales making the most effective use of increased programme intervention rates?

Members of the Committee shall be aware that the structural funds programmes are governed by the "additionality" principle which implies that the contribution from the structural funds cannot replace expenditure by the Member State. Furthermore, the intervention rates negotiated by regions depend upon the economic and budgetary context within the relevant region. Lastly, it can be argued that increasing the intervention rate reduces the value of the programme and its likely outputs.

The intervention rates agreed during the 2007 negotiation of the Welsh Operational Programmes were predicated on a steady growth in public sector expenditure coupled with an anticipated continuation of very strong performance in leveraging in private co-financing. The changed economic climate and the fiscal tightening in the public sector have had a negative impact upon the capacity of the programmes to meet these conditions.

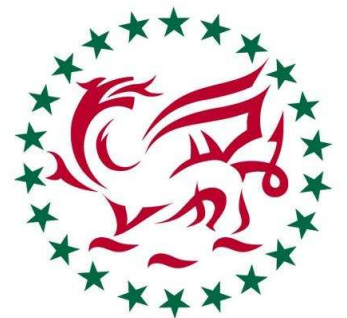
The 2009 revisions to the Welsh operational programmes respected the "additionality" principle whilst ensuring continued effective delivery of programme outputs.

The increases in intervention rates were targeted on those parts of the programme facing particular difficulties. The European Commission approved the proposed changes on the basis that the original commitments in sterling (based on exchange rates when the programmes were approved) would not be reduced, i.e. the higher intervention made up for the exchange loss but did not reduce public sector match funding below the level to which the Welsh Assembly Government committed itself in the original Operational Programmes.

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Ymateb WLGA i Ymchwiliad
Pwyllgor Cyllid y Cynulliad i
Effeithiolrwydd y Cronfeydd
Strwythurol Ewropeaidd yng
Nghymru

Ionawr 2012



WLGA • CLILC

CYFLWYNIAD

1. Mae Cymdeithas Llywodraeth Leol Cymru (WLGA) yn cynrychioli 22 awdurdod lleol Cymru ac mae awdurdodau'r tri awdurdod tân ac achub, y tri pharc cenedlaethol a'r 4 heddlu yn aelodau cyswilt.
2. Prif ddiben WLGA yw cynrychioli'r awdurdodau lleol yn ôl fframwaith o bolisiau cyfoes sy'n ateb prif flaenoriaethau ei haelodau. At hynny, mae'n cynnig amrywiaeth helaeth o wasanaethau sy'n ychwanegu at fyd llywodraeth leol Cymru a'r cymunedau mae'n eu gwasanaethu.
3. Mae WLGA yn croesawu'r cyfle i gyfrannu at Ymchwiliad Pwyllgor Cyllid y Cynulliad i Effeithiolrwydd y Cronfeydd Strwythurol Ewropeaidd yng Nghymru. Gobeithiwn yn fawr y bydd argymhellion a chanlyniadau'r ymchwiliad yma'n cyfrannu at baratoi y rownd newydd o arian strwythurol o Ewrop ar ôl 2013.
4. Rydym wedi ymgynghori â phob awdurdod lleol yng Nghymru wrth baratoi'r ymateb yma. Bydd WLGA yn ymateb i'r cwestiynau yn unol â chylch gorchwyl yr ymchwiliad.

Atebion i'r cwestiynau ymgynghori

Cwestiwn 1: I ba raddau rydych yn ystyried bod y Rhaglenni Cydgyfeiriant a'r Rhaglenni Cystadleurwydd a Chyflogaeth Rhanbarthol yng Nghymru ar gyfer y cyfnod rhwng 2007 a 2013 wedi cyflawni – neu yn cyflawni – yr amcanion ar eu cyfer?

5. Mae'r data diweddaraf yn yr adroddiadau yng nghyfarfod y Pwyllgor Cenedlaethol sy'n Monitro'r Rhaglenni Arian Strwythurol Ewrop yn awgrymu bod y ddwy raglen ar y trywydd cywir i gyflawni eu hamcanion o ran ymrwymiad, gwariant a dangosyddion. Felly, mae'n edrych fel bydd y ddwy raglen yn cyflawni eu targedau yn ôl pob tebyg. Mae prosiectau unigol hefyd, yn ôl pob golwg, yn cyflawni eu hamcanion neu ar y trywydd cywir i wneud hynny.
6. Fodd bynnag, nid yw'n eglur ar hyn o bryd beth fydd effaith y rhaglenni hyn o ran cyfrannu at roi hwb economaidd ledled Cymru. O ran rhaglenni Cronfa Datblygu

Rhanbarthol Ewrop (ERDF) yn benodol, mae'n rhy gynnar dweud beth fydd yr effaith yn y pen draw gan fod llai na 18 mis ers cymeradwyo'r rhan fwyaf o'r prosiectau adfywio ffisegol ac isadeiledd strategol. Felly, bydd cael gwir effaith fel creu swyddi yn cymryd peth amser.

7. Mae gormod o bwyslais yn y rhaglenni ar hyn o bryd ar fonitro faint sy'n cael ei wario ar brosiectau o gymharu â chofnodi safon ac effaith yr ymyriadau. Wrth baratoi'r rhaglenni nesaf, bydd angen rhoi llawer mwy o bwyslais ar gofnodi canlyniadau ac effaith prosiectau fel bod camau cynaliadwy yn cael blaenoriaeth. Rydym yn croesawu'r pwyslais yn y cynigion deddfwriaethol arfaethedig ar raglenni'r dyfodol a gyhoeddodd Comisiwn Ewrop ym mis Hydref 2011 ar gyflawni canlyniadau. Gyda lwc, bydd mwy o bwyslais yn cael ei roi ar roi camau cynaliadwy ar waith wrth baratoi'r rhaglenni nesaf yng Nghymru oherwydd bydd yn hwyluso'r gwaith o asesu a yw'r ymyriadau'n gwneud gwahaniaeth go iawn i economi Cymru.
8. Yn ôl pob golwg, ni fydd y rhaglenni'n cyflawni un o brif amcanion Llywodraeth Cymru ar gyfer y rownd presennol o arian Ewrop, sef cyflwyno rhaglenni mewn modd mwy strategol a fyddai'n arwain at ddelifro mwy strategol ar lawr gwlad. Y gofyniad i gaffael i ddelifro prosiectau sy'n bennaf gyfrifol am hyn gan olygu nad oes digon o wybodaeth am yr hyn sy'n cael ei ddelifro. Gan fod cymaint o bwyslais yn cael ei roi ar gaffael i ddelifro prosiectau, ni all WEFO reoli beth sy'n cael ei ddelifro nac yn lle. Felly, nid yw mewn sefyllfa i adnabod na osgoi gweithgareddau a allai fod yn cael eu dyblygu.
9. Ar ben hynny, gan fod cynifer o raglenni cenedlaethol neu traws raglen wedi'u cymeradwyo heb unrhyw syniad sut i'w delifro'n rhanbarthol ac yn lleol, mae cyflwyno dull strategol wedi bod yn amhosibl. Mae hyn hefyd wedi achosi oedi o ran datblygu nifer o brosiectau eraill mae llywodraeth leol yn eu harwain yn ystod dwy flynedd gyntaf y rhaglenni. Mewn sawl achos, bu'n rhaid iddynt aros nes bod y rhaglenni mawr a chenedlaethol yn cael eu cymeradwyo cyn iddyn nhw allu parhau â'u prosiectau eu hunain. Arweiniodd hyn at rwystredigaeth ar lawr gwlad ac mae angen ei osgoi yng nghyfnod cynllunio'r dyfodol. Rhaid bod yn glir cyn gynted â phosibl wrth baratoi rhaglenni'r dyfodol am unrhyw brosiectau mawr ac, yn hollbwysig, sut bydd y rhain yn cael eu delifro'n rhanbarthol ac yn lleol.
10. Mae'r ffaith bod cynigion yn cael eu gwahodd yn agored ac yn barhaus wrth baratoi rhaglenni ar hyn o bryd, yn ogystal â phroses sy'n dibynnu ar gynigion yn unig,

hefyd yn rhwystro ymdrechion i ddelifro mewn modd strategol. Felly, bydden ni'n croesawu dull mwy trefnus o gyflwyno prosiectau wrth baratoi rhaglenni'r dyfodol.

11. Oherwydd yr holl ffactorau yma, mae'n anodd dweud yn union pa effaith y mae'r arian yn ei gael ar rai rhannau o'r rhaglenni ac mewn rhai ardaloedd.

Cwestiwn 2: A gredwch fod y prosiectau amrywiol sy'n cael eu hariannu drwy gronfeydd strwythurol Ewropeaidd yng Nghymru yn rhoi gwerth am arian?

12. Mae'n anodd iawn asesu a yw prosiectau unigol yn rhoi gwerth am arian gan nad oes digon o ddata ar gael. Mae cael gwerth am arian yn ystyriaeth bwysig i bawb sy'n gysylltiedig â'r Cronfeydd Strwythurol gan gynnwys Comisiwn Ewrop, WEFO a phrif noddwyr y prosiectau. Felly, rhaid gwneud yn siŵr bod hyn yn digwydd bob amser.
13. I roi gwerth am arian mewn cysylltiad â Rhaglenni Cronfa Strwythurol Ewrop yng Nghymru, mae angen deall a chydabod bod gan brosiectau'r sector cyhoeddus rôl bwysicach o ran denu pobl i fuddsoddi arian a chynnal prosiectau oherwydd y diffyg yn y farchnad yn yr ardaloedd hyn, yn arbennig yn yr ardaloedd mwyaf gwledig a'r ardaloedd mwyaf difreintiedig o fewn ardal Gorllewin Cymru a'r Cymoedd, a'r ffaith nad yw'r sector preifat yn debygol o fuddsoddi yno.
14. I fod mewn gwell sefyllfa i asesu a yw prosiectau'n rhoi gwerth am arian, mae angen i wybodaeth am ganlyniadau'r prosiectau fod ar gael fesul ardal awdurdod lleol. Gan fod y wybodaeth yma yn cael ei gasglu wrth gyflwyno ceisiadau i WEFO, credwn y dylai fod ar gael i allu asesu effaith rhaglenni'n lleol ac yn rhanbarthol ac, yn bwysicaf oll, i dynnu sylw at unrhyw fylchau o ran delifro.

Cwestiwn 3: A oes gennych bryderon ynghylch sut y defnyddir y gronfa arian cyfatebol a dargedir? A oes gennych bryderon ynghylch defnyddio gwariant

adrannol Llywodraeth Cymru fel arian cyfatebol? Pa effaith y credwch y mae toriadau yn y sector cyhoeddus wedi'i chael (ag y gallant ei chael) ar argaeledd arian cyfatebol y sector cyhoeddus?

15. Ar ddechrau'r cyfnod paratoi rhaglenni, roeddem yn croesawu ac o blaid sefydlu Cronfa Arian Cyfatebol a Dargedir a'r ffaith ei bod wedi galluogi llu o brosiectau adfywio dan arweiniad byd llywodraeth leol i gale ei cymeradwyo. Fodd bynnag, o'r cychwyn cyntaf, yn ogystal ag yn y trafodaethau wrth sefydlu'r gronfa, lleision bryderon am sawl elfen sy'n gysylltiedig â'r gronfa.
16. Ein prif bryder am y gronfa oedd y ffaith iddi gael ei sefydlu fel proses ceisiadau annibynnol gan swyddogion mewn adran wahanol o Lywodraeth Cymru. Roedd meini prawf gwerthuso'r gronfa hefyd yn wahanol i'r rhai ar gyfer y cronfeydd strwythurol gan arwain at ddyblygu a gwaith papur diangen. Rydyn ni hefyd yn bryderus am y ffaith nad yw'r broses yn ddigon clir ac agored gan nad yw prif noddwyr prosiectau'n cael eu hysbysu'n llawn am hynt a helynt eu ceisiadau nac ychwaith yn cael y cyfle i gyflwyno eu cais gerbron panel y gronfa'n uniongyrchol. Bu diffyg cyfathrebu ac eglurder hefyd am y broses a'r penderfyniadau sy'n cael eu gwneud. Ar ben hynny, cafodd yr ymgeiswyr anawsterau sylweddol yn sgîl y newidiadau mawr a gyflwynwyd i'r cyfarwyddiadau am gyflwyno ceisiadau cynlluniau busnes hanner ffordd drwy'r cyfnod o baratoi'r rhaglenni presennol.
17. Mae rheoli pecynnau ariannu cymhleth ar gyfer cyflwyno prosiectau cyfalaf, yn enwedig mewn rhaglenni ERDF, wedi bod yn dalcen caled oherwydd natur y gronfa a gymeradwyir yn flynyddol a'r angen i wario dyraniadau o fewn y flwyddyn ariannol dan sylw. Mae'r oedi wrth wneud penderfyniadau am geisiadau i'r gronfa wedi achosi problemau i nifer o noddwyr prosiectau o ran cadw at y trefniadau delfro. Dyma un o sawl rheswm pam mae cynifer o noddwyr prosiectau wedi gorfod ail-bennu faint roedden nhw am ei wario sawl gwaith.
18. Heb os, mae'r toriadau yn y sector cyhoeddus wedi effeithio ar faint o arian cyfatebol sydd ar gael yn ystod y cyfnod rhaglenni presennol. Yn sgîl hynny, fe gefnogom waith WEFO wrth geisio cael lefelau uwch o ran cyfraddau ar gyfer rhai rhannau o'r rhaglenni ERDF i alluogi nifer o brosiectau cyfalaf dan arweiniad llywodraeth leol i symud ymlaen.
19. Mae maint y toriadau ledled y sector cyhoeddus yn golygu y bydd hi'n anoddach canfod arian cyfatebol yn y rhaglenni newydd. Felly, bydd angen ystyried pob cyfle i

gynorthwyo yn y maes yma. Bydd cronfa benodol o arian cyfatebol yn hanfodol wrth baratoi'r rhaglenni nesaf ond bydd rhaid iddi gyd-fynd â phrosesau'r Cronfeydd Strwythurol a bod yn llawer mwy hyblyg ac agored o gymharu â'r gronfa bresennol. Hefyd, bydd cael gwybod beth fydd ffynonellau arian cyfatebol adrannol Llywodraeth y Cynulliad yn gynnar yn hanfodol wrth baratoi'r rhaglenni newydd.

20. Yn rhaglenni'r dyfodol, bydd angen i ni gydweithio i fanteisio'n llawn ar y pecynnau ariannol sy'n defnyddio arian adrannau Llywodraeth y Cynulliad i ychwanegu at werth arian Ewrop. Mae'r rhain yn cynnwys y Gronfa Gyfalaf Ganolog, arian i ardaloedd adfywio, rhaglen newydd Cymunedau'n Gyntaf, addysg a medrau, yn ogystal ag arian cyrff eraill fel y Loteri Fawr a Chanolfan Byd Gwaith, ac ati. Bydd angen gwybod sut i wneud gwell defnydd o arian sy'n cyfateb i arian Ewrop o'r cychwyn cyntaf fel bod yr arian yma ar gael yn haws i fusnesau a chymunedau yn y dyfodol.
21. Bydd hyn hefyd yn cynnwys trafod yn y dyfodol er mwyn cael lefelau uwch ar gyfer y cyfraddau ymyriadau i ddenu buddsoddiadau, yn enwedig mewn isadeiledd cyfalaf. Bydd angen meddwl yn greadigol hefyd am sut y byddwn yn ariannu prosiectau isadeiledd cyfalaf yn y dyfodol, gan gynnwys cael arian o adnoddau eraill UE fel buddsoddiadau Cyfleuster Isadeiledd Cysylltu Ewrop a galluogi llywodraeth leol i fenthylg cymaint â phosibl ac annog y sector preifat i fuddsoddi rhagor.
22. Bydd angen ystyried y posibilrwydd o baratoi dulliau delifro newydd hefyd, gan gynnwys defnyddio rhagor o grantiau byd-eang, dyraniadau wedi'u clustnodi ac arian dirprwyedig a fyddai'n fwy cynaliadwy ac yn fwy tebygol o gyflawni canlyniadau adfywio hirdymor. Croesawn y cyfleoedd sydd yn y cynigion deddfwriaethol arfaethedig ar gyfer rhaglenni'r dyfodol sy'n cynnig ffordd o alluogi a hyrwyddo dulliau o'r fath. Dros yr wythnosau a'r misoedd nesaf, byddwn yn bwrw golwg manwl ar rai o'r dewisiadau yma wrth i ni ddechrau datblygu ein syniadau am natur rhaglenni'r dyfodol yng Nghymru.
23. Byddem yn croesawu'r cyfle i gael trafodaeth gyda WEFO ac adrannau eraill Llywodraeth Cymru cyn bo hir am y mathau o arian cyfatebol sydd ar gael i gyflwyno'r rhaglenni newydd.

Cwestiwn 4: Pa mor effeithiol y bu Swyddfa Cyllid Ewropeaidd Cymru o ran monitro a gwerthuso effaith prosiectau?

24. Mae'r gwaith gwerthuso gan WEFO mewn cysylltiad â'r rhaglenni presennol, yn ogystal â'r ffaith bod yn rhaid i bob prosiect gynnal gwerthusiad, wedi bod yn effeithiol ar y cyfan. Fodd bynnag, mae lle i wella o hyd e.e. wrth gofnodi rhai o ganlyniadau mwy anuniongyrchol y buddsoddiadau.
25. Mae mwy o le i wella o ran y gwaith monitro. Rydym yn pryderu'n bennaf am y prinder gwybodaeth monitro ar unrhyw lefel isranbarthol a lleol. Gan nad oes gwybodaeth am gyflawniadau fesul ardal awdurdod lleol, mae gwerthuso effaith yr ymyriadau ar lawr gwlad yn anodd dros ben.
26. Dim ond gwybodaeth ar lefel uchel am ddangosyddion heb unrhyw ddadansoddiad sydd ar gael fesul ardal awdurdod lleol ar hyn o bryd. Mae hyn yn siom ac yn peri rhwystredigaeth gan fod WEFO yn casglu'r data yma wrth dderbyn ceisiadau. Bydd cael gafael ar y data yma'n ddefnyddiol dros ben i awdurdodau lleol ac eraill er mwyn monitro a gwerthuso effaith ymyriadau ar lawr gwlad. Yn bwysicaf oll, byddai hefyd yn tynnu sylw at fylchau posibl mewn gweithgareddau. Heb y data yma, nid oes modd gwybod yn union beth yw effaith rhaglenni cenedlaethol a traws raglenni ar lefelau isranbarthol a lleol.

Cwestiwn 5: A oes gennych bryderon ynghylch y gallu i gynnal y gweithgareddau a'r gwaith a gyflawnir drwy brosiectau a ariennir yn ystod cylch cyfredol y cronfeydd strwythurol y tu hwnt i 2013?

27. Mae gwerthuso pa brosiectau sydd wedi bod fwyaf llwyddiannus mewn cysylltiad â'r rhaglenni presennol yn hollbwysig i weld beth allai gael ei gynnal yn y rhaglenni newydd ar gyfer 2014-2020.
28. Rydyn ni'n awyddus i ddatblygu a chryfhau rhai o'r enghreifftiau gorau o arferion da o satbwynt modelau delifro mae llywodraeth leol yn ei harwain a'r dulliau cydweithio rhanbarthol eraill, mewn cysylltiad â'r rhaglenni presennol er mwyn pennu dulliau mwy effeithiol o ddelifro prosiectau yn y cyfnod newydd.

29. Hoffem hefyd gael gwybod cyn gynted ag y bo modd am y prosiectau yr hoffai adrannau Llywodraeth Cymru eu cyflwyno yn y rhaglenni newydd fel bod partneriaid a chyrff allweddol yn ymwybodol ohonynt ac unrhyw gyfleoedd i'w delifro.
30. Byddai amlygu pa brosiectau a allai gael eu hariannu yng nghyfnod newydd y rhaglenni yn osgoi'r oedi dwy flynedd o hyd a gafwyd ar ddechrau'r rhaglenni presennol. Roedd yr oedi o ganlyniad i ffordd hollol newydd o gyflwyno arian, yr obsesiwn gyda chaffael, dulliau delifro cwbl newydd a'r diffyg cyfarwyddiadau clir a chyson. Er y bydd rhaid caffael rhai dulliau delifro yng nghyfnod newydd y rhaglenni, rhaid cydbwysu hyn â'r gallu i gynnig grantiau byd-eang cystadleuol.
31. Er ein bod o blaid defnyddio dulliau newydd o ddefnyddio arian fel JESSICA a JEREMIE mewn cysylltiad â'r rhaglenni presennol, nid ydym wedi ein hargyhoeddi bod y model cywir ar waith, yn enwedig o safbwynt Cronfa Buddsoddi Adfywio yng Nghymru. Rydym yn awyddus dros ben i wneud yn siŵr bod unrhyw fodel newydd yn cael ei ddylunio'n well i gyd-fynd â gwir amodau'r farchnad yn y rhan fwyaf o Gymru er mwyn iddo fod yn llawer mwy deniadol i fusnesau a chymunedau.

Cwestiwn 6: Beth yw eich profiad chi o gael gafael ar Gyllid Strwythurol Ewropeaidd?

32. Mae llywodraeth leol yn bartner pwysig o ran delifro Rhaglenni'r Cronfeydd Strwythurol yng Nghymru. Mae'n gysylltiedig â chyflwyno prosiectau'n uniongyrchol ym mhob rhaglen fel:
- **Prif noddwr:** Un awdurdod lleol yn arwain prosiect ar ran nifer o awdurdodau lleol eraill;
 - **Cyd-noddwr:** Awdurdodau lleol naill ai'n rhan o drefniant noddi gyda'i gilydd neu gyda sefydliadau eraill yn ogystal;
 - **Cyflwynydd prosiect o dan gytundeb:** Awdurdodau lleol o dan gytundeb i gyflwyno prosiectau y mae Llywodraeth Cymru yn eu harwain;
 - **Cyflwynydd prosiect drwy broses gaffael:** Gall awdurdodau lleol gyflwyno cais i ddelifro gweithgareddau'n rhan o brosiectau strategol a chyffredinol Llywodraeth Cymru a chyrff eraill;

- **Noddwr y prosiect:** Un awdurdod lleol yn datblygu prosiect i'w gyflwyno yn ei ardal.

33. Llywodraeth leol yw un o bartneriaid pwysicaf y Timau Ewropeaidd Arbenigol sy'n rhoi cymorth, cyngor ac arweiniad i noddwyr prosiectau ac ymgeiswyr arfaethedig ledled Cymru. Mae'r swyddogion yma, sy'n gweithio yn yr awdurdodau lleol, yn aelodau o'r tri thîm rhanbarthol gyda swyddogion o adrannau Busnes, Menter, Technoleg a Gwyddoniaeth (BETS) ac Addysg a Medrau Llywodraeth Cymru yn ogystal â Chyngor Gweithredu Gwirfoddol Cymru.
34. Mae swyddogion materion Ewrop yr awdurdodau lleol wedi datblygu arbenigedd mewn cynorthwyo, arwain a hwyluso noddwyr prosiectau ac ymgeiswyr arfaethedig i gael gafael ar arian strwythurol Ewrop dros sawl cyfnod. Mae angen cydnabod ac ystyried hyn yn llawn wrth baratoi gweithdrefnau wrth baratoi'r rhaglenni newydd.
35. Mae'r WLGA yn cynrychioli awdurdodau lleol ar y pwyllgorau monitro ac mae'n dadlau eu hachos ym mhob rhaglen. Mae hefyd yn ceisio gofalu bod llywodraeth leol yn rhan ganolog o bob rhaglen a bod awdurdodau lleol yn manteisio'n llawn ar y cyfleoedd y mae'r rhaglenni'n eu cynnig. Mae'n cynorthwyo ac yn cynghori awdurdodau am sut i gymryd rhan ac yn cynrychioli eu buddiannau ar sawl cylch gan gynnwys WEFO, y timau arbenigol a chylchoedd sy'n ymwneud â phrosiectau penodol.
36. Biwrocraataidd, beichus, cyfnewidiol a rhwystredig – dyma ddisgrifiad yr awdurdodau lleol o'r broses o gyflwyno cais am Arian Strwythurol Ewropeaidd o fewn y cyfnod rhaglenni presennol.
37. Mae diffyg cyfarwyddiadau clir a chyson wedi bod yn faen tramgwydd amlwg mewn cysylltiad â'r rhaglenni presennol ac mae ymagwedd a chyngor WEFO wedi bod yn anghyson yn sgîl hynny. Mae hefyd wedi effeithio ar allu'r Timau Ewropeaidd Arbenigol i roi cyngor clir i noddwyr y prosiectau. Rydym yn croesawu ymdrechion WEFO i fynd i'r afael â hyn yn ystod y ddwy flynedd ddiwethaf wrth ddiweddarau ac egluro sawl dogfen cyfarwyddo o bwys, gan gynnwys ei chyfarwyddyd am gaffael.

Bydd yn rhaid rhoi cyfarwyddiadau cynhwysfawr a chlr yn ei lle cyn gynted â phosibl wrth baratoi rhaglenni'r dyfodol.

38. Mae rhai o'r trefniadau ar gyfer cyflwyno prosiectau wedi bod yn rhy gymhleth, yn enwedig y prosiectau eang fel y rhai a gafodd eu cymeradwyo o dan thema 'Amgylchedd ar gyfer Twf' yn Rhaglen Cydgyfeirio ERDF. Mae'r prosiectau yma, sy'n cael eu harwain yn bennaf gan adrannau Llywodraeth Cymru a chyrrff a noddir ganddynt, wedi creu prosesau rhy gymhleth, meini tramgwydd ac anawsterau o ran y rheoliadau sy'n gysylltiedig â nhw a'r wybodaeth ddiddiwedd sydd ei hangen gan bartneriaid delifro sydd wedi'u caffael. Mae llawer o awdurdodau lleol wedi cael ceisiadau eithafol am wybodaeth wrth gaffael gweithgareddau gan y prosiectau yma. Mae gofynion mor eithafol wedi achosi oedi annerbyniol cyn cymeradwyo a chyflwyno prosiectau. Mewn rhai achosion, bu'n rhaid i'r rhai oedd i fod i elwa yn y pen draw aros am dair blynedd cyn cael eu harian. Mae hyn yn annerbyniol a rhaid ei osgoi wrth baratoi rhaglenni'r dyfodol.
39. Mae angen i brosesau paratoi cynlluniau busnes hefyd adlewyrchu maint y prosiectau a'r cynlluniau a'r peryglon sy'n gysylltiedig â nhw. Nid felly y bu ar sawl achlysur mewn cysylltiad â'r rhaglenni presennol ac mae wedi effeithio ar pryd mae prosiectau'n cael eu cyflwyno, cymeradwyo a delifro.
40. Mae'r awdurdodau lleol hefyd wedi profi lefelau amrywiol o arbenigedd gan dimau rheoli'r prosiectau ar gyfer prosiectau eang o'r fath a phrosiectau y mae Llywodraeth Cymru yn eu harwain. Mae hyn wedi arwain at gamddechongli rheolau am bwy sy'n gymwys, gofynion archwilio a chydymffurfio, yn ogystal â chyngor sy'n gamarweiniol neu hyd yn oed yn anghywir. Mewn sawl achos, mae swyddogion profiadol y Timau Arbenigedd a Swyddogion Ewropeaidd yr awdurdodau lleol wedi gorfod cywiro cyngor ac arweiniad anghywir. Mae angen dysgu o'r profiadau yma wrth i ni ddechrau paratoi syniadau ar gyfer rhaglenni'r dyfodol gan roi rhagor o bwyslais ar fedrau rheoli ac adnoddau mwy effeithiol ymhlith prif noddwyr y prosiectau.

Cwestiwn 7: A yw'r sector preifat yng Nghymru wedi ymgysylltu'n ddigonol â'r broses o gael gafael ar Gyllid Strwythurol Ewropeaidd?

41. Nid oes gan y rhan fwyaf o gyrff a chwmnïau preifat unrhyw ddiddordeb mewn bod yn brif noddwr ar brosiect oherwydd y biwrocratiaeth sy'n gysylltiedig â'r gwaith. Fodd bynnag, hoffen nhw gael gafael ar y arian a manteisio arno.
42. Gall y sector preifat elwa'n uniongyrchol o sawl prosiect ar hyn o bryd. Mae gan swyddogion y timau arbenigedd a swyddogion eraill yr awdurdodau lleol rôl hollbwysig wrth alluogi a chynorthwyo cwmnïau lleol i gael gafael ar arian drwy brosiectau, gan gynnwys y rhai y mae llywodraeth leol yn eu harwain. Mae'r rhain yn cynnwys prosiectau fel y Gronfa Fuddsoddi Leol, y Gronfa Datblygu Eiddo a chynlluniau Adfywio Canol Trefi. Gyda'r rhain, yr awdurdodau lleol sy'n ysgwyddo'r baich biwrocraidd a'r peryglon ar eu rhan ac maen nhw'n symleiddio'r prosesau sy'n galluogi cwmnïau preifat i gael gafael ar arian. Mae sawl prosiect arall, dan arweiniad Llywodraeth Cymru a chyrrff eraill, sy'n ceisio cynorthwyo busnesau'n uniongyrchol.
43. Mae cyfyngiadau Cymorth Gwladwriaethol Ewrop yn amharu ar allu'r awdurdodau lleol ac eraill i gynorthwyo busnesau'n uniongyrchol, yn enwedig yn ardal Cystadleurwydd y Dwyrain. Fodd bynnag, ar wahân i nifer o brosiectau sy'n cynnig cymorth i fusnesau'n uniongyrchol yn Ardal Cydgyfeirio Gorllewin Cymru a'r Cymoedd yn enwedig, mae prosiectau ar waith ar draws meysydd y rhaglenni sy'n ceisio creu sefyllfa lle gall busnesau ffyni'n well, yn unol â Rhaglen Adfywio Economaidd Llywodraeth Cymru.
44. Bydd angen gwneud rhagor wrth baratoi'r rhaglenni newydd i ddenu rhagor o arian cyfatebol gan y sector preifat, yn enwedig yn rhan o'r pecynnau ariannol fydd eu hangen i ariannu prosiectau isadeiledd cyfalaf o bwys. Bydd hefyd yn bwysig gofalu bod y sector preifat yng Nghymru yn ymwybodol o rai o'r cynlluniau newydd ar lefel Ewrop yng nglyfnod nesaf y rhaglenni, a'u bod yn manteisio arnyn nhw. Mae'r rhain yn ceisio denu buddsoddiadau gan y sector preifat ac maen nhw'n cynnwys cyfleuster arfaethedig Cysylltu Ewrop. Bydd y rhain yn ariannu cynlluniau mawr i ddatblygu isadeiledd ym meysydd cludiant, ynni a band eang. Mae llu o ddulliau cynhyrchu arian ar gael hefyd sy'n ceisio annog y sector preifat i gymryd rhan mewn prosiectau o bwys.

Cwestiwn 8: Yn 2009, llwyddodd Swyddfa Cyllid Ewropeaidd Cymru i negodi cynnydd yng nghyfraddau ymyrryd y rhaglenni gyda'r Comisiwn Ewropeaidd ar gyfer dwy raglan cydgyfeiriant Cronfa Datblygu Rhanbarthol Ewrop a Chronfa Gymdeithasol Ewrop. Yn ei adroddiad ym mis Gorffennaf 2010, nododd y Pwyllgor Menter a Dysgu fod Asiantaethau Datblygu Rhanbarthol y De-Orllewin wedi negodi cyfraddau ymyrryd uwch gyda'r Comisiwn Ewropeaidd. A yw Cymru'n gwneud y defnydd mwyaf effiethiol o'r cyfraddau ymyrryd uwch hyn?

45. Fe gefnogom gais WEFO i gynnyddu'r cyfraddau ymyrryd yn 2009 o ystyried y dirwasgiad a croesawom ei bod wedi llwyddo i gael cytundeb gan y Comisiwn yn y trafodaethau yma, yn enwedig yn y rhannau hynny o'r rhaglenni ERDF o ddiddordeb uniongyrchol i awdurdodau lleol, sef y themau adfywio ffisegol ac isadeiledd strategol. Mae hyn wedi galluogi mwy o brosiectau awdurdodau lleol i gael ei cymeradwyo o fewn y rhannau yma o'r rhaglenni.
46. O ystyried maint y toriadau sy'n cael eu gwneud ar draws cyllidebau y sector cyhoeddus, bydd yr angen i negodi cyfraddau ymyrryd uwch yn hollbwysig yn y cyfnod rhaglenni nesaf. Fodd bynnag, bydd yn rhaid bod yn ofalus gan fod cael ymyriadau uwch yn gwneud maint y rhaglenni yn llai. Felly, bydd angen cael y cydbwysedd cywir wrth drafod y rhaglenni newydd ar gyfer Cymru gyda'r Comisiwn Ewropeaidd a rhaid gwneud pob ymdrech i fanteisio ar unrhyw ddulliau a ffynonellau posibl a allai ddarparu arian cyfatebol.

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**National Assembly for Wales - Finance Committee
inquiry into the effectiveness of European Structural
Funding in Wales**

Nicky Howells

January 2012

NOTE: The responses to the questions below are specific to the context of the FE sector in the South West Wales region, and relate directly to the projects that are known to the respondent.

1. To what extent do you consider the Convergence Programme in Wales for the 2007 - 2013 period, to have achieved - or to be achieving - the intended objectives?

To prepare young people for future employment by raising aspirations and increasing participation in learning.

Priority 1 interventions in the 16 - 19 age group have impacted positively upon the student body. The provision of additional support has both prevented disengagement and improved attainment. This is evident through the completion of learning programmes and the achievement of qualifications, both of which underpin employability.

Early interventions improve the probability of achieving higher levels of educational attainment and longer term employment outcomes.

The ENGAGE project is jointly sponsored by FEIs and LAs throughout the south west region, and has been instrumental in the development of closer working relationships across the region, and the sharing of good practice.

To raise levels of employment and economic activity, and secure higher participation in the labour market.

Priority 2 regional projects provide targeted support for those with work limiting health conditions, the disadvantaged and those under formal notice of redundancy. Whilst the FEIs have not directly sponsored projects within this priority, they have successfully tendered for sub-contracted provision through the procurement process.

To support productivity and progression in employment by raising skills levels at the levels of basic skills, intermediate and higher level skills, to tackle skills gaps and shortages, and to promote gender equality in employment.

The FEIs have utilised Priority 3 funding to radically change their methods of engagement with employers in order to support change and improve productivity levels. Access to the curriculum is more flexible, with a greater emphasis on the delivery of learning in the workplace, in line with employer demand. There is now provision in place to support the improvement of basic numeracy, literacy and IT skills and to deliver relevant vocational qualifications and level 2 and above.

Pembrokeshire College is sponsoring a Priority 3 project for the energy sector, and this has significantly raised participation and skill levels within the sector.

In addition, there is a regional Priority 3 project under the joint sponsorship of the FEIs. The process of planning the project, preparing the application and establishing the management structure for the successful delivery of the project has fostered close links between the FEIs and is evidence that a strategic approach to learning across the region is beneficial to all concerned. There is a greater degree of responsiveness to employer needs, and opportunities for the FEIs to develop their provision and support employers and their workforces to increase investment and participation in training, thus improving their adaptability and ability to react constructively to the knowledge economy.

2. Do you consider the various projects funded by European Structural funds in Wales to be delivering value for money?

The projects that the College is involved with are delivering value for money. This is evident through the participation levels, the completion and attainment of learning outcomes and the increased levels of skills and employability.

On a regional basis, the FEIs share best practice, share resources and expertise in order to avoid duplication and to ensure value for money through the delivery of projects.

This is underpinned by the procurement process, which ensures that through competitive bidding for contracts, value for money is achieved. This has also established procedures that lead to a strategic and co-ordinated approach to the delivery of activities.

3. Do you have any concerns around the use of Targeted Match Funding? Do you have any concerns around the use of Welsh Government departmental expenditure as match funding? What impact do you believe public sector cuts have had (and may have) on the availability of public sector match funding?

There is a general concern regarding the planned re-drafting of the Supplementary Guidance on FE Sector Engagement in the 2007 –2013 ESF Convergence and Regional Competitiveness and Employment Programmes. “FE colleges are funded through the National Planning and Funding System (NPFS) directly by the Welsh Assembly Government under the Learning and Skills Act 2000 to deliver a range of local education and training provision in line with Government policy and strategic direction. Thus, where FE colleges are using Structural Funds to extend or enhance the core activity funded through the NPFS as a public funded educational institution they **will, (subject to WEFO being satisfied that identified costs represent value for money and are justifiable)** be able to directly deliver either as an individual project sponsor or as a joint sponsor within a collaborative project without having to offer the delivery to market operators. The underlying rationale for this is that there is no market.”

In the event that this guidance is revised, resulting in FEIs no longer being able to directly deliver, and therefore use NPFS funded provision as public sector match funding for projects, this would severely restrict the capability of the sector to provide the required match funding in order to sponsor projects. This in turn would prevent FEIs from using Structural Funding to deliver additional learning to employers.

For those FEIs who are sponsoring projects that have already been approved, any change in the guidance which relates to the use of NPFS as match funding would in a match funding gap, which would be detrimental to the successful delivery of the planned activity.

4. How effectively do you believe the Welsh European Funding Office (WEFO) have monitored and evaluated the impact of projects?

We have limited experience of the monitoring and evaluation of projects. The systems that have been introduced for the Convergence programme demonstrate a greater focus on the cross cutting themes and facilitate the recording of project outputs and financial transactions. There is however limited scope for the monitoring of strategic delivery and the scope of each project in the context of the overall programme.

5. Do you have any concerns regarding the sustainability beyond 2013 of the activities and outputs delivered through projects financed during the current round of Structural Funds?

The 2007 – 2013 Structural Funding has enabled the FEIs to deliver additional learning and support to participants.

Whilst there are elements of the Priority 1 provision that can be embedded by the FEIs, the current levels of support are not sustainable without additional funding being made available.

On the assumption that employers will significantly increase their contribution towards the delivery costs of such additional training, this may be sustainable for the FEIs to continue to develop their capacity to support company training requirements. This will be conditional upon the continuation of core funding through the Welsh Government.

6. What is your experience of accessing European Structural Funding?

South west Wales FEIs have undertaken to act as lead sponsors for projects, and have committed to joint sponsorship arrangements for regional applications. The application process is robust and vigorous, with regard to gaining approval, but does not indicate the expected level of detail required in order to access the Structural Funds.

The appraisal aspect of the business plan has developed considerably, to include the financial aspects of the projects. Whilst this is useful in terms of proving the viability of projects, it has not reduced the need for the continued justification of eligibility.

The claims process is complex and onerous. The level of detail that is required does not recognise the integrity of the finance systems that are already in place for each FEI.

Each transaction must be recorded individually via the electronic reporting mechanism, which can result in entering the details of 1,200 or more transactions for just three months of activity. Each cost heading transaction must be shown separately for each month, with the associated defrayment details. The system has not been designed to accept this volume of detail, which results in claims being rejected based on their failing to balance. This slows the payments system down considerably, and subsequently requires

the data to be re-configured, once the necessary adjustments to the system have been completed.

7. Is the private sector in Wales sufficiently engaged in accessing European Structural Funding?

Private sector companies are holders of contracts with FEIs (as project sponsors), which enable them to access Structural Funding via a sub-contracting arrangement.

Direct applications for projects may not be viable in view the resources required and the time constraints that are necessary in order to successfully access Structural Funds.

It is also difficult for the private sector to provide and evidence match funding.

Whilst the private sector companies can access grant funding, the application process is still onerous and may deter many companies from applying. This is exacerbated by the administrative burden of maintaining the required audit trail and the bureaucracy that accompanies structural funds.

Effeithiolrwydd Ariannu Strwythurol Yr Undeb Ewropeaidd yng Nghymru

Gofynnwn i'r ymchwiliad i nodi bod ymateb Coleg Morgannwg yn ymwneud yn bennaf â Champws Dysgu Taf Elai (TELC) sydd wedi elwa o'r £6.7M a dderbyniwyd o'r Gronfa Gydgyfeirio.

Cwestiynau Ymgynghori

1. I ba raddau ydych chi'n ystyried bod Rhaglenni Cydgyfeirio a Rhaglenni Cystadleurwydd a Chyflogaeth Rhanbarthol ar gyfer y cyfnod 2007 - 13 yng Nghymru wedi cyflawni - neu yn cyflawni - yr amcanion a fwriadwyd?

Mae'n anodd ateb y cwestiwn hwn gan ei fod yn rhagdybio gwybodaeth eang o holl ddarpariaeth Ariannu Strwythurol 2007-13. Byddai canolbwyntio ar ddarpariaeth y Coleg hyd yn oed yn anodd gan fod rhaid cwblhau cyfnod gweithredol holl brosiectau 2007 - 13 a gan fod y gwaith gwerthuso yn dal i fynd yn ei flaen.

Dim ond ar ôl i'r rhaglen gael ei hadolygu y gellir ateb y cwestiwn hwn yn llawn. Fodd bynnag, o ran Prosiect TELC er enghraifft - credir y bydd y targed yn cael ei gyflawni yn 2012.

Hefyd, rydyn ni'n sylweddoli bod rhaglenni Blaenoriaeth 1 a Blaenoriaeth 2 yn caniatáu i ni gynnig ymyrraeth a chymorth mawr ei angen i ddysgwyr, yn enwedig sgiliau sylfaenol na fyddai ar gael fel arall. Heb y cymorth hwn, yn ôl y dystiolaeth, fyddai dysgwyr ddim wedi cymryd rhan na pharhau gyda'u haddysg.

2. Ydych chi'n ystyried bod y gwahanol brosiectau a ariennir gan gronfeydd Strwythurol yr Undeb Ewropeaidd yng Nghymru yn sicrhau gwerth am arian?

O ran TELC yr ateb fyddai ydyn. Mae archwiliadau WEF0 ac archwiliadau mewnol wedi dangos hyn ac mae ar y trywydd iawn i gyflawni amcanion achos busnes.

Fodd bynnag, fe fyddem ni'n ychwanegu bod y broses o wneud cais, hawlio a monitro yn golygu gwaith gormodol o'i gymharu â ffrydiau ariannu eraill ar gyfer y Prosiect. Rydyn ni'n llwyr ymwybodol o amodau'r grant a byddwn yn sicrhau ein bod yn cwrdd â'r amodau hynny ond mae costau ariannol hyn yn sylweddol.

O ran prosiectau Blaenoriaeth 1 a Blaenoriaeth 2 a darpariaethau ariannol strwythurol eraill yr UE y mae'r coleg yn eu cyflenwi fel partner, sicrheir Gwerth am Arian drwy lynu at reoliadau caffael ac ariannol WEF0 a'r coleg. Monitrir i sicrhau bod holl wariant prosiect yn berthnasol, o'r gwerth gorau ac yn uniongyrchol berthnasol i ddeilliannau'r prosiect a'r profiad buddiol a ddaw yn ei sgil. O ran B1 a B2 lle mae'r coleg yn bartner, caiff y prosiect drwyddi draw ei fonitro am werth am arian gan y partner arweiniol hefyd.

3. Ydych chi'n pryderu am y defnydd o Arian Cyfatebol a Dargedir? Oes pryderon gennych am y defnydd o wariant adrannol Llywodraeth Cymru fel arian a dargedir? Pa effaith ydych chi'n credu mae'r toriadau yn y sector cyhoeddus wedi cael (ac y gallai gael) ar argaeledd arian cyfatebol y sector cyhoeddus?

Nac ydyn – mae'n golygu bod gennym fwy o hyblygrwydd i ddefnyddio arian strwythurol yn fwy strategol i gyflawni amcanion y sefydliad ac amcanion perthnasol Llywodraeth Cymru, yn enwedig os nad oes dulliau eraill o arian cyfatebol ar gael i gynorthwyo prosiectau strategol pwysig.

Efallai bod toriadau yn cael effaith ond bydd asesiad o raglen cronfa strwythurol yr UE yn ogystal â chanlyniadau gwerthusiad prosiectau penodol yn rhoi arweiniad i ni sut i symud ymlaen i dargedu darpar ostyngiad yn arian cyfatebol y sector cyhoeddus ar gyfer y prosiectau strategol pwysicaf.

4. Pa mor effeithiol yn eich tŷb chi mae Swyddfa Cyllid Ewropeaidd Cymru (WEFO) wedi monitro a gwerthuso effaith prosiectau?

Mae hwn yn gwestiwn anodd i'w ateb o gofio ein bod yn y cylch cyllido. O ran TELC, rydyn ni bob amser yn ein cyfarfodydd monitro yn gwirio'r cynnydd a wneir i gyrraedd targedau penodol fel bod y Prosiect gorffenedig yn cael yr effaith a fwriedir.

O ran B1 a B2, mae partner(iaid) arweiniol y prosiect yn cyflwyno canlyniadau unrhyw fonitro a gwerthuso a wnaed i WEFO. Bydd y ddau brosiect yn cael eu gwerthuso'n barhaus drwy 2012.

5. Oes gennych bryderon am gynladwyedd tu hwnt i 2013 y gweithgareddau a deilliannau'r prosiectau a ariannwyd yn ystod y cylch cyfredol o Arian Strwythurol?

Dim pryder o ran TELC, ond mae angen mwy o ffocws ac archwilio i gryfder strategaethau ymadael prosiect yn enwedig os oes tystiolaeth gref bod angen y gwasanaethau y mae'r prosiectau yn eu darparu ar ôl cyfnod cyntaf eu hariannu. Hefyd, a fydd amcanion strategol unrhyw swydd newydd a ariennir gan yr UE ar ôl 2013 yn cysylltu ag amcanion cydgyfeirio. Byddai hyn yn golygu y gallai prosiectau cyfredol sy'n gallu dangos darpar angen sylweddol gan fuddiolwyr i gael mynediad i'r cyllid hwnnw heb doriad, os collir staff allweddol, gallu a gwasanaethau pwysig.

6. Beth ydych profiad chi o gael mynediad i Arian Strwythurol Ewropeaidd?

Yn y gorffennol mae'r coleg wedi cyflenwi prosiectau ESF ac ERDF o dan Amcan Un cyfnod 2000 – 06. O dan y cyllid Cydgyfeirio 2007 – 13, mae'r coleg ar hyn o bryd yn cyflenwi un prosiect ERDF (TELC), mae'n bartner mewn prosiect B1 ESF a hefyd yn bartner mewn prosiect B2 ESF.

Hefyd, mae'r coleg yn bartner arweiniol mewn consortia Hyfforddiant Athrawon Adduned Cyflogwr a Sgiliau Hanfodol a ariennir gan yr ESF. Mae'r coleg hefyd yn cyflenwi dau gwrs gradd sylfaenol o dan raglen Diploma Cyntaf ESF mewn Adeiladu ac Awyrofod.

Fel y nodwyd yng nghwestiwn 2, mae'r broses o gael mynediad i grant ERDF ar gyfer TELC yn un sylweddol. Isod, nodir y problemau penodol a gafwyd:

- *Lefelau cymysg o gyfarwyddyd a chymorth er ein bod, wrth gwrs, yn gwerthfawrogi unrhyw gymorth i ddiogelu buddiannau'r Coleg.*
- *Prosesau Araf ar gyfer Cymeradwyo – cafodd y prosiect ei ail-werthuso hanner ffordd drwy'r cyfnod adeiladu. Cyflwynwyd y wybodaeth yn unol â'r cais i wahanol ffynonellau ar gyfer ei chymeradwyo, ond oherwydd bod natur cynllun o'r fath yn newid yn barhaus, mae'r wybodaeth yn dyddio a rhaid ei diweddarau'n gyson. Mae hyn wedi achosi oedi mawr yn y broses adolygu ac wedi golygu bod nifer o fersiynau tebyg o ddogfennau tebyg yn cael eu cadw ar gyfer gwahanol bwrpasau.*
- *Monitro Grant a Phrosiect – Oherwydd y galw am adolygiad o'r prosiect, mae'n mynd yn fwy anodd i ffocysu ar fonitro'r prosiect yn ariannol o ddydd i ddydd, monitro sydd yn hanfodol i gadw golwg ar y prosiect.*
- *Mae'r amser y mae ail-werthuso llawn yn ei gymeryd wedi golygu bod bwloch wrth dynnu arian i lawr. Rydyn ni'n deall pa mor bwysig ydy cwrdd â gofynion llym y Gronfa Ewropeaidd ac rydyn ni'n ddiolchgar am gyngor a chymorth yr WEFO drwy'r broses. Fodd bynnag, mae'r arian sydd heb ei gyffwrdd yn ystod y cyfnod adeiladu wedi golygu bod rhaid ail-amseru ffynonellau cyllid eraill, a thrwy hynny, greu gwaith ychwanegol.*

7. Ydy'r sector preifat yng Nghymru yn gwneud digon i sicrhau Cronfa Strwythurol yr Undeb Ewropeaidd?

Amherthnasol

8. Yn 2009, llwyddodd WEFO i sicrhau cynnydd yng nghyfraddau ymyrraeth rhaglen gyda'r Comisiwn Ewropeaidd ar gyfer dwy Raglen Cydgyfeirio yr ERDF ac ESF. Yn ei adroddiad ym mis Gorffennaf 2010, nododd Asiantaeth Datblygu Rhanbarthol y De Orllewin ei bod wedi negydu cyfraddau ymyrraeth uwch gyda'r Comisiwn Ewropeaidd. Ydy Cymru'n gwneud y defnydd mwyaf effeithiol o'r cyfraddau ymyrraeth uwch sydd yn y rhaglen?

Rydyn ni'n credu mai mater i'w drafod yw hwn rhwng Llywodraeth Cymru a'r Comisiwn Ewropeaidd gan y rhagdybir eu bod bob amser yn manteisio i'r eithaf ar gyfleodd er lles Cymru.

Jane Hutt AC / AM
Y Gweinidog Cyllid ac Arweinydd y Tŷ
Minister for Finance and Leader of the House



Llywodraeth Cymru
Welsh Government

Eich cyf/Your ref
Ein cyf/Our ref

Jocelyn Davies AM
Chair, Finance Committee
National Assembly for Wales
Cardiff Bay
Cardiff CF99 1NA

6 December 2011

Dear Jocelyn,

FINANCE COMMITTEE'S REPORT: SCRUTINY OF WELSH GOVERNMENT DRAFT BUDGET MOTION 2012-13 - NOVEMBER 2011

Thank you for your letter of 7 November enclosing a copy of the Finance Committee's Report on the Welsh Government Draft Budget Motion 2012-13.

Since we published our Draft Budget proposals in October, I have been following closely the dialogue around the scrutiny of our spending plans. I have welcomed the broad support around our focus on Growth and Jobs. In these difficult times it is clear that there is a shared commitment to taking action to stimulate economic growth.

I have welcomed the evidence and feedback that Assembly Scrutiny Committees and our partners in local government, business and the Third Sector have provided. As always, this stage of the Budget process has been extremely helpful in focussing our minds on how we achieve our ambitions for Wales within the constrained financial envelope available to us. The scrutiny process has challenged us to look again at what we are proposing and consider how we can do better.

As I said in the Plenary debate on the Draft Budget, I would like to express my thanks to the Finance Committee for your constructive report on the Draft Budget. The Committee raised a number of important issues in its report, many of which were consistent themes raised during the course of the scrutiny. In doing so, however, the Committee acknowledged that the Draft Budget had been produced against the backdrop of a tough financial climate and, importantly, did not suggest any amendments to the resources already proposed.

In preparing the Final Budget, I considered all of the evidence and feedback received during the scrutiny period, including the key themes raised in the Committee's report. Despite the challenging debate that has taken place over recent weeks, there is no overriding evidence to suggest that we need to make fundamental changes to the spending plans proposed in the Draft Budget. We recognise, however, that we need consensus on the measures and actions we are proposing. That is why we have worked closely with Opposition Parties to

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finesse our proposals. As a result, there are a small number of changes proposed between Draft and Final Budget. These are reflected in the plans I published last week.

In publishing the Final Budget, I said that I would publish a formal response to the Finance Committee Report in due course. I attach at Annex A a note which addresses the specific recommendations made by the Committee.

As I said to the Committee, I keep the approach we take to publishing our Budget under review and I am committed to working with you to explore how we can improve the process, particularly around the transparency and presentation of our proposals. That is why I have already taken steps in the Final Budget Explanatory Note to present the Budget figures as requested in your report.

I look forward to exploring these issues further with the Committee in due course.



Jane Hutt AC / AM

Y Gweinidog Cyllid ac Arweinydd y Tŷ
Minister for Finance and Leader of the House

Annex A

Recommendation 1. We recommend that the Welsh Government continues to work towards ensuring that the intended outcomes of public expenditure- and mechanisms for monitoring such- are consistently identified and published in a timely way that enables effective scrutiny of the sufficiency and value for money of the Welsh Government's budgetary proposals. (Page 21)

The Budget was developed alongside the Programme for Government. The Programme for Government sets out our plans for delivering our ambitions for Wales, what outcomes and improvements in wellbeing for the people of Wales we want to see and how progress will be measured. The Budget sets out how we have started to align more effectively our delivery and spending plans to better demonstrate the changes in outcomes and delivery of the priorities of the Government.

We will be reporting on the progress we have made in delivering changes in outcomes through an annual report on the Programme for Government to be published next year. This information will show how we are continuing to improve on the transparency around planning and reporting on our activities and achievements to demonstrate the difference we are making to the lives of people in Wales. The annual report on the Programme for Government and any future updates to it will prove vital in considering the content of future Budgets.

Recommendation 2. We recommend that in presenting future draft budgets, the Welsh Government provides detail of year-on-year proposed budgetary changes (using the figures from the previous financial year's most recent budget as a baseline). (Page 28)

Recommendation 3. We recommend that in presenting future draft budgets, the Welsh Government seeks to make all relevant and requested information on proposed budgetary allocations (including detail of proposed budgetary allocations within departments, such as BELs) available to National Assembly for Wales Committees, providing a sufficient level of detail for scrutiny in a consistent and co-ordinated manner, at the time of the draft budget's publication, or as close to it as reasonably possible. (Page 28)

Recommendation 4. We recommend that the Minister for Finance responds to the concerns of the Committees of the National Assembly for Wales, and takes on board the views of stakeholders, in order to improve the timeliness and level of detail published in the draft budget proposals, to enable more effective scrutiny of the budget proposals in relation to specific areas. (Page 28)

As I said in my evidence to the Finance Committee, the way we presented our spending plans this year is consistent with the standard approach we have always taken when we have already published a set of indicative figures. However, I know there have been a number of concerns expressed this year around the ability to see year on year changes, the level of detail we provide when we publish the Budget and the consistency of approach in the way information is provided to Committees.

I keep the approach we take to publishing our Budget under review and I am happy to work with the Committee to explore how we can improve the process, in light of the Committee's recommendations around the transparency and presentation of our Budget. As a demonstration of my commitment towards improving the transparency around our Budget proposals, I am presenting the Budget figures in the Final Budget Explanatory Note as requested in the Finance Committee's Report. We are highlighting the year on year changes affecting each Main Expenditure Group (MEG).

Recommendation 5. We recommend that the Welsh Government works expeditiously towards developing a strategic approach towards the utilisation of its capital resources, providing quarterly reports to the Finance Committee on its progress. We recommend that this should provide clarity on which elements of the Welsh Government's planned capital expenditure, and how it will be administered and monitored, are included within the National Infrastructure Plan, to enable scrutiny of such. (Page 35)

Recommendation 6. We recommend that the Welsh Government continues to explore all avenues for increasing and maximising capital funding opportunities and maximising the benefits for Wales. We anticipate this would include a robust analysis of both the short and long-term consequences for Wales of such mechanisms for increasing capital funding. We anticipate the Welsh Government would also provide us with quarterly reports on the matters raised in these recommendations. (Page 36)

As I acknowledged in my evidence to the Finance Committee, the development of Wales Infrastructure Investment Plan and the work we are doing to develop innovative approaches to financing infrastructure investment, are important developments and ones I know the Finance Committee will want to scrutinise further.

I was pleased to be able to provide the Assembly with an update on progress on these important initiatives last month when we launched our strategic investment programme to support public services and the Welsh economy. As part of this, I confirmed that I intend to publish an outline version of the Wales Infrastructure Investment Plan in spring 2012. I would be happy to provide further updates to the Committee whenever appropriate, including a progress report around the time I will be launching the Plan.

Recommendation 7. We recommend that a full equality impact assessment is carried out for all proposed allocations within the Welsh Government's final budget. We anticipate this would be accompanied by an assessment of the budget's impact on the development of the Welsh Language. (Page 45)

We have placed the equality assessment at the centre of our budget processes when developing our spending plans. At Final Budget stage last year, we included an Equality Impact Assessment of our Budget proposals. We were the first UK Administration to undertake a comprehensive Equality Impact Assessment of our spending decisions – a move which was warmly welcomed by many across Wales.

This year, at Draft Budget Stage, we published an update to the three year Budget assessment reflecting any changes in those areas where we have made additional allocations or where we have realigned budgets.

Alongside the Final Budget, I published a consolidated account of the work undertaken to assess the equality impact of our spending decisions. In doing so, I confirmed that an equality impact assessment will also be carried out on the additional allocation of £20 million for the Pupil Deprivation Grant in 2012-13.

In terms of an assessment of the Budget's impact on the development of the Welsh Language, it is different to, and separate from, the equalities impact assessment process within the Welsh Government. Our responsibility for promoting the use of the Welsh language is reflected in our Welsh language scheme, as approved by the Welsh Language Board in March 2011. This commitment is supported by the integration of a Welsh language questionnaire into the Welsh Government's policy-making process. The policy-making process is used by all Welsh Government Departments and every Welsh Government Directorate has to prepare and maintain a Welsh Language Action Plan, in accordance with our Welsh Language Scheme. The Welsh Language scheme and the action plan, together with the

integration of the Welsh language questionnaire into the policy process, provides a specific methodology for screening the Welsh language.

Recommendation 8. We recommend that a full Sustainability Impact Assessment is carried out for all proposed allocations within the Welsh Government's final budget. (Page 45)

Sustainable Development is the central organising principle of the Welsh Government. In response to a request from the then Sustainability Committee, I wrote to the Committee on 1 March 2011, in my previous capacity as Minister for Business and Budget, to set out how we assessed the impact of last year's Budget proposals on sustainable development.

In summary, consideration of the impact on sustainable development has been mainstreamed into all aspects of the budget planning process, rather than being assessed as a discrete exercise. Consequently, there is no single document setting out this work. Rather, our commitment to sustainable development has underpinned the process for collecting the evidence to support our decisions, it has shaped the analysis of our options, and ultimately it is reflected in the Budget proposals that we have published.

Recommendation 9. We recommend that the Welsh Government engages in dialogue with Local Health Boards to ensure that their service plans are finalised and made publically available as soon as possible, and that the Minister then reports on whether the funding available to Local Health Boards will be sufficient to deliver such plans (Page 55)

Local Health Boards have the legal responsibility for planning health services for their local population. Following recent structural changes, the Boards have been reviewing all their services and the current financial situation contributes a new complexity to that work. Their planning should as a matter of course be formulated with a clear understanding of likely future funding available to them.

Guidance is quite clear that the Boards need to work closely with Community Health Councils on developing proposals for change, and that, where appropriate, these should be tested through consultation with the public. Boards should also have an ongoing, continuous process of engagement with local communities on health issues.

The Minister for Health and Social Services sets the policy framework and ensures the local planning process is rigorous and fair but it is not her role to approve these plans. The National Clinical Forum will ensure local plans are in the best interests of patients and based on sound clinical advice. It will also consider important interdependencies that require a regional approach to ensure the best solutions for Wales.

The plans will encourage people to take an interest in the NHS services they pay for and rely on. The NHS will need to explain health issues better and engage fully with local communities. The Health Minister has been clear that this is not about money but the changes we propose in Together for Health will force the NHS to use its resources well.

There is no reason to believe that the additional funding we are providing to the NHS in the Draft Budget will be insufficient for them to deliver their service plans.

Recommendation 10. We recommend that the Welsh Government clarifies the role of its delivery unit in ensuring the delivery of the outcomes intended to be enabled by the draft budget. We anticipate this would include clarity of the role of the delivery unit in both monitoring the delivery of outcomes, and enabling appropriate action to be taken where outcomes are in danger of not being realised. (Page 60)

The Welsh Government is entirely committed to delivering the actions in the Programme for Government. The First Minister was clear in his statement of 13 July that the Delivery Unit would help to ensure integrated and streamlined

delivery of strategic government priorities. It will add value and rigour - it will not do others' jobs or impose a bureaucratic burden. The First Minister's statement also confirmed that he would hold Ministers and Departments to account for progress on these priorities.

Dame Gill Morgan DBE
Ysgrifennydd Parhaol • Permanent Secretary



Llywodraeth Cymru
Welsh Government

Jocelyn Davies AM
Chair – Finance Committee
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Dear Jocelyn

13 January 2012

Thank you for your letter of 8th December, in which you asked for information relating to the Welsh Government's draft budget for 2012-13. You asked for:

- information regarding the £1.2m increase to staff costs in 2012-13; and
- an explanation for the year on year reductions to the staff costs action.

The answers to your questions are:

- The increase to the staff costs action in 2012-13 is partly due to a transfer from non-pay central services budgets (£1.0m) and partly due to a transfer of functions from DEFRA (£0.2m).
- The year on year reductions to the staff costs action are due to the public sector spending cuts introduced by the UK Government.

Before I expand on these answers, I thought it may help if I provided some background and context to the Central Services and Administration (CS&A) MEG budget and particularly the staff costs element.

There have been a number of significant changes to the CS&A MEG over the past two years which have contributed towards an overall revenue budget reduction of £54m, from the 2010-11 budget of £361m (as included in the October 2009 draft budget) to the planned 2013-14 budget of £307m (as included in the October 2011 draft budget).

Whilst some of these changes relate to transfers into and out of the CS&A MEG, the most significant change has been the contribution the CS&A MEG has made towards the public sector spending cuts imposed by the coalition Government in Whitehall. In proportion to its budget, Ministers decided that the CS&A MEG would be asked to make the joint largest revenue budget cut (along with the Public Service and Performance MEG) of around 12.5% over the three years. As a consequence, between 2010-11 and 2013-14 the CS&A MEG budget is planned to reduce by some £43m.

As the CS&A MEG largely consists of running costs, we have inevitably had to look to reduce our staffing costs to keep within budget. This explains why the staff costs budget reduces by around £10m per annum between 2010-11 and 2013-14 (the remainder of the required cuts arise out of non-pay elements). The severance schemes we ran during 2010-11 and 2011-12 have made a significant contribution towards achieving these staff cost reductions and I am working with my management team to assess what more needs to be done.

Clearly, we have had to face some difficult decisions as reducing our staffing budgets by around £30m over 3 years would require a reduction to our workforce of around 1,000 posts. To mitigate this slightly, I have been able to identify some non-pay related budgets where we can either make savings or reduce costs and in so doing free up funding to enable us to reduce the number of staff posts we must lose. The non-pay budgets affected are largely for audit, accounting services, geographical information and research and are where we have either been able to: renegotiate better contracts; use our budgets more flexibly; or sought better value by bringing externally provided services in-house. As a result, we have been able to identify £1.0m per annum to transfer into the staff costs budget.

In addition, the Welsh Government has taken responsibility for the monitoring of the services provided by the Animal Health and Veterinary Laboratories Agency in Wales. We have received funding for this from DEFRA, and whilst most of this funding has transferred into the Rural Affairs MEG, £0.2m has come to the CS&A MEG to fund the related administration costs. This, along with the £1.0m above, is why the staff costs action is set to increase by £1.2m in the draft budget.

Yours sincerely



GILL MORGAN

Y Pwyllgor Cyllid

Lleoliad: **Ystafell Bwyllgora 2 – Y Senedd**

Dyddiad: **Dydd Mercher, 11 Ionawr 2012**

Amser: **09:15 – 10:50**

Gellir gwyllo'r cyfarfod ar Senedd TV yn:
<http://www.senedd.tv/archiveplayer.jsf>

Cynulliad
Cenedlaethol
Cymru

National
Assembly for
Wales



Cofnodion Cryno:

Aelodau'r Cynulliad:

Jocelyn Davies (Cadeirydd)
Peter Black
Christine Chapman
Paul Davies
Mike Hedges
Ann Jones
Julie Morgan
Ieuan Wyn Jones

Tystion:

**Matthew Brown, Communities Investment Fund
Manager, WCVA**
Phil Fiander, Director of Programmes, WCVA
Richard Morgan, Director of Funding, Valleys Kids

Staff y Pwyllgor:

Naomi Stocks (Clerc)
Daniel Collier (Dirprwy Glerc)
Martin Jennings (Ymchwilydd)
Eleanor Roy (Ymchwilydd)
Susan Morgan (Cyngorydd Cyfreithiol)
Ben Stokes (Ymchwilydd)

1. Cyflwyniad, ymddiheuriadau a dirprwyon

- 1.1 Croesawodd y Cadeirydd yr Aelodau a'r cyhoedd i'r cyfarfod.
- 1.2 Datganodd y Cadeirydd fuddiant fel cyn-Weinidog a oedd yn gyfrifol am roi JESSICA ar waith.
- 1.3 Datganodd Ieuan Wyn Jones fuddiant fel cyn-Weinidog a oedd yn gyfrifol am roi Cronfeydd Strwythurol Ewropeaidd ar waith.

2. Effeithiolrwydd y cronfeydd strwythurol Ewropeaidd yng Nghymru

2.1 Estynnodd y Pwyllgor groeso i Matthew Brown, Rheolwr y Gronfa Fuddsoddi Gymunedol, Cyngor Gweithredu Gwirfoddol Cymru; Phil Fiander, Cyfarwyddwr Rhaglenni, Cyngor Gweithredu Gwirfoddol Cymru; a Richard Morgan, Cyfarwyddwr Cyllid, Valleys Kids.

2.2 Holodd y Pwyllgor y tystion.

Cam i'w gymryd

Cytunodd Cyngor Gweithredu Gwirfoddol Cymru i ddarparu:

- Rhagor o fanylion am yr amserlen ar gyfer sefydlu'r Gronfa Fuddsoddi Cymunedol.

3. Cynnig o dan Reol Sefydlog 17.42 i benderfynu gwahardd y cyhoedd o'r cyfarfod ar gyfer yr eitemau a ganlyn:

Eitemau 4 a 5.

4. Galwad am dystiolaeth ar gyfer yr ymchwiliad i gyllid datganoledig

4.1 Bu'r Pwyllgor yn trafod yr ymchwiliad sydd ganddo ar y gweill i gyllid datganoledig.

5. Ystyried blaenraglen waith gwanwyn 2012

5.1 Bu'r Pwyllgor yn trafod ei raglan waith ar gyfer tymor y gwanwyn 2012.

6. Papurau i'w nodi

6.1 Cytunodd y Pwyllgor ar y nodyn am yr ymweliad rapporteur â Park View Café.

6.2 Cadarnhaodd y Pwyllgor gofnodion y cyfarfod a gynhaliwyd ar 16 Tachwedd 2011.

Yn rhinwedd paragraff(au) vi o Reol Sefydlog 17.42

Mae cyfyngiadau ar y ddogfen hon

Yn rhinwedd paragraff(au) vi o Reol Sefydlog 17.42

Mae cyfyngiadau ar y ddogfen hon

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Mae cyfyngiadau ar y ddogfen hon