

Rhondda Cynon Taf County Borough Council

Response to the National Assembly for Wales' Finance Committee Inquiry into the Effectiveness of European Structural Funding in Wales

January 2012

Introduction

1. European Structural Funding in Wales has presented major opportunities for Rhondda Cynon Taf County Borough Council and its partners to deliver key economic regeneration priorities. The Council has many years experience of accessing and delivering Structural Funds encompassing projects of varying nature, scale and delivery arrangements.
2. The Council would like to place on record that highly values, and has benefitted significantly, from European Structural Funding. However, in order to contribute to the "effectiveness" debate this response concentrates on those areas where the processes or arrangements have perhaps, to varying degrees, created difficulties for participants or the Programme.
3. The Council welcomes the opportunity to contribute to this Inquiry and to share experience as Wales approaches a new programme period.

Accessing European Structural Funding

4. The process for accessing Structural Funds remains complex and often lengthy despite efforts by WEFO to simplify the arrangements. Even the most experienced sponsors such as Local Authorities can find the process very complex.
5. The timing of the publication of guidance has provided challenges. An example of this is Version 1 of the Welsh National Rules on the Eligibility of Expenditure, which was published nearly two years into the Programme. Whilst guidance should be current, ongoing revisions and sometimes even withdrawal of guidance, can have significant implications for projects already in delivery. In Spring 2011, guidance on major issues such as Procurement is still subject to clarification.
6. The Officers from the Council and WEFO have developed good working relationships, but there can be a lack of consistency of approach and advice from WEFO. This has made it more difficult not only in the delivery of our projects, but also in the Specialist European Team (SET) support role provided by Councils to other sponsors.
7. Some project delivery arrangements have been over complex, particularly where there have been "umbrella" approvals for projects, which have then

been delivered by a further and different tier of organisations. The relationship between the Lead Sponsor and any procured deliverers can result in an over complicated process and difficulties with responsibility and accountability.

8. In some cases, collaborative arrangements have been affected where WEFO guidance conflicts with Local Authority procurement procedure rules. Procurement rules incorporated into the Programme to ensure value for money can make the process onerous and in some cases more costly than simpler SLA agreements.
9. Focussing on a reduced portfolio of projects means that for many smaller organisations their only means of accessing Structural Funds is through delivery contracts. Experience would seem to indicate that there needs to be some capacity building in order for some organisations to effectively access and deliver procured contracts.
10. Changes in project sponsorship and management arrangements of some large projects that are already approved and in delivery eg. Genesis 2, have had a negative impact on project delivery.

Monitoring and Evaluation

11. To ensure that evaluation of any funding programme is meaningful, it is essential that baseline data is appropriate and accurate. It appears that in some parts of the Programme e.g. Priority 5 Theme 1, that the indicators have significantly underestimated the level of activity being undertaken. The three approved projects for town centre regeneration in Rhondda Cynon Taf alone, either exceed or will contribute to achieving more than 50% of certain Priority level outputs and results. It is vital to evidence what projects are delivering, which also needs to include supplementary, less obvious and direct outcomes.
12. Major policy changes at UK and Welsh Government can have significant impacts on Programme activity. For instance, the UK Government's "Work Programme", has affected project planning, delivery arrangements and more importantly target beneficiaries. Awareness of these impacts is critical going forward.
13. An opportunity for further rounds of Structural funding is to provide a greater emphasis on achievement of sustainable outcomes. Monitoring reports on Programme progress currently underplay the quality and impact of investment to date due to a concentration on the achievement of Programme spend. Experience of the annual audit process also indicates the concentration on defrayment of expenditure rather than output achievements.

14. More robust guidance on the evidence required to support the achievement of targets is essential for project managers. The real impact of the Convergence Programme cannot be accurately measured if there are inconsistencies in interpretation.

Public Sector Match Funding

15. The Welsh Government's Targeted Match Funding (TMF) has been a significant asset. Many schemes across Wales have been supported with TMF allowing significant European funding to be secured. Rhondda Cynon Taf County Borough Council benefitted from securing TMF which has completed some complex funding packages to deliver major town centre regeneration schemes.
16. In managing complex funding packages the relating timescales of different funding streams can be problematic. An annual approval, meaning that if funding is not spent within the specified financial year, it is lost to the overall funding package, is particularly challenging. An alignment of the processes for TMF and Structural Funds would be advantageous..
16. The availability of public match funding is a major concern for future Programmes. This will significantly impact on resources available for supporting economic development and regeneration activities.
17. In light of the scale of reductions in public sector expenditure, innovative and collaborative approaches will need to be explored to maximise opportunities from scarce resources. Such proposals will need careful consideration and management.

Sustainability Beyond 2013

18. The public sector funding cuts are already having an effect on activity currently being delivered, with reduced opportunities for mainstreaming and potential risk to the sustainability of outputs already achieved, particularly in respect of job creation.
19. Sustainability of outputs needs to be at the heart of future funding regimes.