



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

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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.