

Finance Committee inquiry into preparations for replacing EU funding for Wales.

Purpose

1. This paper is provided in response to an invitation from the Chair of the Finance Committee to present evidence for the Committee's inquiry into preparations for replacing EU funding for Wales, and the involvement to date of the Wales Programme Monitoring Committee 2014–2020 which I chair.

Background

2. The Wales Programme Monitoring Committee 2014-2020 (PMC) monitors the effective delivery of the programmes for the European Regional Development Fund (ERDF), European Social Fund (ESF) and European Agricultural Fund for Rural Development (EAFRD) programmes, and considers how these funds can work best together to achieve maximum impact in Wales. A single PMC was established in Wales to cover all three ESI funds managed by the Welsh Government (ERDF, ESF, EAFRD) and provide strategic direction and oversight of the investments being made across Wales.
3. The Committee consists of a panel of six expert members appointed via the public appointments process and 22 members nominated on a representative basis (meeting regulatory requirements) from partners and statutory bodies including local government, higher and further education, the public, private and voluntary sectors, trade union, social partners and those with statutory responsibilities for the cross-cutting themes of environment and equality. A list of members is attached at Annex A. This formation helps ensure that there is a balance of members who, together, have a range of abilities, experiences and qualifications relating to the functions of the PMC. With cross sector representation on the PMC it also ensures messages about the delivery of the programmes can be communicated across all sectors.

The European Commission (DG REGIO DG EMPL and DG AGRI), are invited to participate in the Committee in an advisory capacity. Welsh Government senior officials from WEFO and Rural Development Division attend meetings of the PMC to update members on the preparation, implementation, monitoring and evaluation of the programmes.

4. All papers presented at PMC meetings are available via the Welsh Government's EU funding pages at <https://gov.wales/funding/eu-funds/2014-2020/programme-monitoring-committee/?lang=en>

The role of the PMC in the future of replacing EU Funding in Wales

5. In line with regulatory requirements, the Terms of Reference of the PMC state that the PMC should satisfy itself with implementation of the programmes and their progress towards achieving the objectives agreed with the EC. Members

are therefore rightly focused on steering the 2014-2020 programmes to a successful conclusion.

6. The Terms of Reference do not allow the PMC to act as a forum to enter into political debate over the replacement of EU funding in Wales. However, the PMC has been provided with updates on progress in respect of future regional policy.
7. Papers to the PMC on the future of Regional Policy to date have therefore been limited to updates on the emerging debate. The PMC has been provided with such updates at each of its meetings since June 2017. These have addressed:
 - The current status of Brexit related policy papers and the Welsh Government's position on key negotiating priorities;
 - Progress with key developments and the work programme around developing a future approach.
 - Members have also been encouraged to respond to the engagement exercise on the Welsh Government's Future of Regional Policy Brexit paper, and to attend the formal stakeholder engagement events to help inform the debate.
8. The Cabinet Secretary for Finance has also attended the PMC in February 2017 to set out the Welsh Government's key areas for negotiation as set out in the policy paper Securing Wales Future https://beta.gov.wales/sites/default/files/2017-01/30683%20Securing%20Wales%C2%B9%20Future_ENGLISH_WEB.pdf

Other relevant PMC discussions

9. The primary focus of the PMC's work remains ensuring the successful implementation of the 2014-2020 programmes in a challenging and rapidly changing socio-economic climate. There are, however, some important linkages between the current programmes and any successor arrangements.
10. Whilst the UK Treasury has provided a guarantee that underwrites EU funded investments agreed before the UK exits the EU in March 2019, PMC Members remain concerned about the impact that any delay in agreeing successor Regional Policy funding arrangements may have upon their ability to retain their existing operational capacity. Without clarity and certainty around forward funding arrangements there is a risk that the considerable expertise, developed over successive programme periods, within many of the organisations responsible for delivering these major investment programmes will be eroded or lost, with a consequent negative impact on the individuals, businesses and communities that currently receive their support.
11. For example, lessons learned and best practice through the current programmes should be taken into account and influence the shape and

design of future programmes. Consequently, much of the work already being undertaken by the PMC will have a bearing on any future approach.

12. The PMC is presented with a six-monthly update informing them of progress of the various research and evaluation studies undertaken by WEFO, which provides it with the opportunity to feed into programme evaluation plans. These evaluations and discussions will have an important bearing on the future shape of programmes as lessons are learned and the respective impact and effectiveness of different interventions are measured.
13. There are also three Cross Cutting Themes (CCTs) Annual Reports presented to the PMC, each detailing the progress being made on integrating Equal Opportunities and Gender Mainstreaming, Sustainable Development and Tackling Poverty and Social Exclusion into programme and project delivery. The reports highlight progress on the formal CCT indicators agreed with the European Commission, alongside evidence of how projects are delivering the CCT objectives laid out in the Operational Programme. The PMC in June 2015 agreed a set of additional CCT Case (Project) Level indicators as a mechanism to show the good practice which is being delivered through EU funded projects. Evidence of progress regarding these indicators is also provided to the PMC three times a year.
14. In addition to this the PMC has placed a strong emphasis on ensuring investments made for 2014-2020 will be sustainable, and has asked the Welsh Government to ensure longer-term and wider impacts of investments are measured and reported.

Next Steps

15. Although there remains a great deal of uncertainty on replacement funding for Wales given the UK Government is yet to confirm details, the PMC will continue to consider its role in contributing to the future of Regional policy debate within the remit of its functions and responsibilities for the 2014-2020 programmes.
16. The principles of ensuring sustainability of investments and learning lessons from programme implementation are at the heart of the work of the PMC and are regular points of discussion across the entire scope of our work programme to date. These remain vital for the successful delivery of the 2014-2020 programmes, and we hope will also help inform the basis for any future approach.

Julie Morgan, AM
Chair of Wales Programme Monitoring Committee 2014-2020
May 2018

WALES PROGRAMME MONITORING COMMITTEE 2014–2020 MEMBERSHIP**Chair:**

Julie Morgan, Assembly Member

22 Members nominated, on a representative basis from partners and statutory bodies:

Councillor Rob Stewart	Local Government
Councillor Dyfrig Siencyn	
Peter Crews	Business and Enterprise
Julie Cook	
Tom Whyatt	
Paul Byard	
Rudi Plaut	
Derek Walker	Third sector
Phil Fiander	
Iestyn Davies	Education
Dr David Blaney	
Professor David Shepherd	
Arfon Williams	Environment
Rhian Jardine	
Charlotte Priddy/Rachel Lewis-Davies	Farming and Rural Business
Duncan Hamer	Welsh Government
Rachel Garside-Jones	
Lowri Owain	LEADER Action Groups

6 Members selected via the Public appointments process:

- David Davies
- Professor Richard Davies
- Dr Grahame Guilford
- Joy Kent
- Sian Price
- Beth Winkley