Thematic Evaluations of the 2007-2013 Structural Funds Programmes in Wales

Synthesis Report
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EXECUTIVE SUMMARY

Introduction
This report summarises three different pieces of work that have been commissioned by WEFO investigating the different elements of the 2007-2013 Structural Funds Programmes in Wales. An evaluation of ESF Convergence Priority 2 (Increasing Employment) was undertaken as part of a collaboration between Old Bell 3 and the WEFO Research, Monitoring and Evaluation (RME) Team and was published in May 2012; the study focussed on ESF Convergence Priority 1 (Young People) was undertaken by GHK and published in January 2013. The third set of reports was completed by ERS and Hardisty Jones Associates and covered the remainder of the Programmes: Increasing Skills (ESF Convergence Priority 3 and ESF Competitiveness Priority 2); Modernising Public Services (ESF Convergence Priority 4); R&D (ERDF Convergence Priority 1 and ERDF Competitiveness Priority 1); Enterprise Support (ERDF Convergence Priority 2 and ERDF Competitiveness Priority 2); Strategic Infrastructure (ERDF Convergence Priority 3 and ERDF Competitiveness Priority 4); Climate Change (ERDF Convergence Priority 4 and ERDF Competitiveness Priority 3); and Regeneration (ERDF Convergence Priority 5 and ERDF Competitiveness Priority 4). The third study forms the bulk of this report.

Since the studies were undertaken a while ago, WEFO has refreshed the monitoring data and amended the text of this report to reflect the data changes. The main report follows the same structure as this executive summary, as outlined below:

Coherence of projects with policy goals;
Performance to date and anticipated outturn;
Issues in project delivery; and
Conclusions and recommendations.
The main message to come from this study is that good progress is being made in all four Programmes. There are a few minor gaps highlighted below but fundamentally good progress is being made throughout.

Coherence of Projects with Policy Goals
Across the four Programmes there is good coverage of the objectives set out in the Operational Programmes and Strategic Frameworks with most of the gaps relating to indicative activities rather than key objectives. The exception is the Strategic Infrastructure thematic area where, due to the need to bring forward retrospection projects to meet N+2 targets, the portfolio of approved projects does not appear to give sufficient weight to the aim of bringing about intermodal shift to public transport, and with a greater emphasis than might have been expected on road improvement projects.

In the ESF Programmes, the main gaps are, under Increasing Employment, support for older people, those with caring responsibilities and those facing transport as a barrier to employment, and, under Increasing Skills, support for disabled participants, validating the skills of migrant workers, support for women to secure higher level skills in non-traditional areas and challenging traditional female dominated occupations. Under Modernising Public Services, the main gaps are in relation to activity to support new approaches to leadership and management development in a transnational context, and the use of data warehousing and e-learning portals for public sector provision.

Turning to the ERDF Programmes, the main gaps are, under the R&D thematic area, the relevant Competitiveness Priority (Priority 1 – Knowledge and Innovation for Growth), and, some indicative activities across both Convergence and Competitiveness Priorities in this thematic area. Under Enterprise Support, the main gap is in relation to support for the growth of existing enterprises but this is as a result of policy changes leading to project closures. The remaining gaps in the ERDF Programmes are under Climate Change in relation to a number of indicative activities.

Progress of Programmes to Date
Levels of commitment are high across all nine thematic areas, ranging from 91% for three areas: Young People; Increasing Skills; and Climate Change to 112% for both R&D and Regeneration, with the overall commitment level at 100% as at end December 2012. All thematic areas are behind profile on spend as at end December 2012. The best performing thematic area in terms of performance to profile on spend is Enterprise Support at 93% of profile to date paid though it should be noted that this figure includes two JEREMIE projects where, because of the nature of this activity, the full financial allocation for these projects was awarded on approval and was therefore counted immediately as spend.¹ The worst performing thematic areas in terms of performance to profile on spend are Modernising Public Services at 37% and Regeneration at 63%. In the case of the latter it is important to recognise that significant proportions of the budget are being invested in physical developments which tend to involve intensive rates of spend at the latter stages of projects, though arguably this should have been taken into account in the profiling of such projects. It is also important to consider, when assessing spending progress that all N+2 targets for the four Programmes have been met to date.

Good progress is being made against the Programme-level indicators, particularly in the ESF Programmes. The main areas of concern are, in the ESF Programmes, collaborative agreements between public service bodies, and participants entering further learning, and, in the ERDF Programmes, waste reduced, reused or recycled, profit benefit, jobs accommodated, investment induced, and new or improved products, processes or services launched.

The main factors contributing to under-performance relate to experiences encountered at the start of the programming period, such as delays in securing project approval and commencement of delivery post project approval, often as a result of procurement and recruitment issues, and, in the

¹ This caveat also applies to the R&D thematic area.
case of Modernising Public Services and Young People, the fact that these Priorities signalled the need for new types of activities in Structural Funds terms. The other main factors have been over-optimistic forecasting, problems of reporting against some of the indicators and external factors such as the economic downturn and changes in national policy.

Whilst over-optimistic forecasting at the start of the programming period has meant that many projects were initially behind profile, in some respect this has made a positive contribution by encouraging projects to work towards challenging targets. WEFO also acknowledged this over-optimism by working with projects to agree reprofiles. Other factors contributing to achievement / over-performance against targets have been the considerable experience of project delivery amongst some project sponsors, an increasing ‘push’ towards self-employment, often prompted by unemployment, and an increasing need for SMEs to secure business from new markets.

Project Integration and Collaboration
There were many examples of collaboration in all thematic areas, with several projects operating on a pan-Wales basis (despite formally existing as two separate projects) and collaboration within and across projects, including across different sectors. In part, this can be ascribed to the move to fewer, larger projects and the work of WEFO and the Specialist European Teams (SETs) in bringing together projects to ensure duplication was avoided and synergies maximised.

Transnational Activities
There was very little evidence of transnational activity taking place. Reasons for this included perceptions that this activity would be funded under specific Transnational Co-operation programmes, the benefits of such activity not being particularly evident to project sponsors, and many of the projects being ‘place-based’ and therefore tied to a particular local area. A couple of ICT projects suggested that some transnational activity may be undertaken on the basis of the projects, once the projects have closed.
Added Value

Amongst projects interviewed, the most common area of added value was **scope** (whereby a project ‘broadens’ existing action by supporting groups or policy areas that would not otherwise receive support). This was followed by **role** (whereby a project supports local/regional innovations that are taken up at national level or national innovative actions that are then ‘mainstreamed’). The third most common was **volume** (whereby a project ‘adds’ to existing action, either by supporting national action in general or specific areas of national policy). The fourth most common (though still significant) was **process** (whereby a project influences Member States administrations and organisations involved in the Programmes).

Cross Fund Flexibility

There were only a few examples of projects making use of the cross-fund flexibility facility which enables ERDF projects to access ESF, and ESF projects to access ERDF to undertake complementary activity. There have been a small number of cases under the Young People, Increasing Employment, Increasing Skills, R&D and Climate Change thematic areas.

Innovative Activity

There have been some examples of innovative activity being funded across the Programmes, most notably under the Climate Change thematic area, but also, to a lesser extent, under the Regeneration, Young People, Increasing Skills and Strategic Infrastructure thematic areas.

The evaluation also investigated a number of questions specific to each thematic area. These are summarised below.

Young People

The Priority has enabled many projects to try innovative approaches; extend / develop existing provision; and influence mainstream provision to be more responsive to the needs of certain young people who have previously been overlooked. The Priority was found to have promoted joint working across
organisations with different agendas and in different localities. Furthermore, the evaluation found emerging evidence that longer-term impacts on mainstream services in terms of practices in working with young people are being achieved.

Strong partnership arrangements are underpinned by clear project management arrangements. Projects that built on previous experience of ESF-funded interventions tended to have more effective partnership arrangements. The most effective practices in engaging and delivering to young people were flexible, holistic, and in many cases, involved the use of keyworking or mentoring to bring together different services and offer specialist advice and support.

**Increasing Employment**

There is a general feeling of trust between projects with good cross-referral of participants between projects when and if the need arose. It was less clear that projects were working together as strategically as they could to shape onward progression to employment. Nevertheless, it was argued that collaboration between projects is not just a linear process but involves simultaneous interventions and there was evidence of different projects covering different aspects of the participants' needs.

The portfolio of projects is providing a good balance of labour market interventions, although there is less activity supporting older people, those with caring responsibilities and those facing transport as a barrier to employment. Stakeholders were concerned about the potential for duplication and overlap across ESF projects and with mainstream employment provision.

**Increasing Skills**

There is evidence of substantial consideration of priority areas for demand led provision of qualifications at level 3 and beyond, primarily through the use of labour market intelligence and engagement with Sector Skills Councils (SSCs). The evaluation also found evidence of more detailed demand led
activity, tailored very specifically to the business. However, there is less of an emphasis on lower / basic skills than originally intended.

There is clear evidence of a contribution to the European Employment Strategy (EES). However, the evaluation highlighted two areas of concern. Firstly, the focus on active ageing and engagement of older workers is substantially behind target. Secondly, at the time of the evaluation, the progress towards basic skills targets is very slow. However this may be partly because of the requirement to only report the highest qualification achieved, so when participants gain the next level up only this higher level qualification is reported. Progress against participants gaining qualifications against the higher level qualifications is higher than anticipated.

The evaluation found evidence of different types of engagement with social partners across the thematic area, the most common being: direct interface with employers in receipt of intervention via projects; indirect interface with employers through SSCs; and the presence of employer and / or Trade Union representation within project steering groups.

**Modernising Public Services**
The evaluation found collaboration to be a core driver of the delivery models of all approved projects in this thematic area.

All projects within this thematic area have a clear focus on seeking to instigate a positive change with a view to creating long standing service improvements (e.g. the Transforming Procurement Through Home Growth Talent and Local Service Board projects). Furthermore, there is evidence of this thematic area providing impetus in moving some agendas and pilot ideas into practice due to the additional funding provided by the thematic area.

The links with social partners generally appear to be indirect, for the most part reflecting the perceived relevance of social partners to the aims and objectives of projects.
R&D
Projects dealing directly with businesses reported that the majority of businesses that they have assisted have, in the main, overcome initial barriers to R&D and are undertaking research of a magnitude that they have previously not undertaken. However, despite excellent progress against the Collaborative R&D target, some of the university-based project sponsors have reported slow progress in trying to persuade businesses to become involved in collaborative projects with universities, particularly micro-SMEs.

The JEREMIE project has seen an increase in enquiries since the publication of *Economic Renewal: A New Direction*. However, some projects reported difficulties in attracting businesses to undertake R&D or ICT projects using repayable loans rather than grant support, with evidence suggesting that removing grant support and replacing with repayable finance works for some business situations, but acts as a disincentive to undertaking R&D or ICT investment.

There is evidence of collaboration between Higher Education Institutions in this thematic area, but largely between those universities with a long track record of collaborating together.

There is much evidence of the Convergence Priority within this thematic area helping communities and businesses access and exploit ICT.

The evaluation found no evidence of projects accessing FP7 funding. However, a small number of projects reported accessing Technology Strategy Board funds and a similarly small number were considering applying for FP7 funding after the ERDF project ends.

Enterprise Support
The Priorities in this thematic area were already supporting a move from a grant culture towards investment even before the launch of *Economic Renewal: A New Direction* which signalled a change in emphasis of Welsh Government business support.
A meaningful approach is being taken to ensure full engagement in delivering support to all members of the community, including specific actions to proactively engage with under-represented groups.

At the time of the evaluation, limited information was available to fully assess the extent to which activity has been sufficiently focussed to meet needs and demand. However, there is evidence of projects giving consideration to the needs / demand of businesses during project development and during implementation. The evaluation also highlighted the importance of building in flexibility into project activity to respond to changing market needs.

**Strategic Infrastructure**

Most of the transport projects in the thematic area are intended to improve access to work and market opportunities in both rural and urban areas.

All the projects have been designed to contribute to wider spatial and transport strategies. However, the extent to which they were integrated with other projects both within the Priority and from elsewhere appeared to be limited.

There is evidence of strategic collaboration between partners in the design and development of all the projects.

**Climate Change**

The evaluation found a much greater focus of project activity on delivering energy generation than energy conservation.

There is a significant amount of activity within the Environment for Growth section of this thematic area that is likely to attract a large number of visitors to Wales.

**Regeneration**
There is evidence of some significant steps taken to address integration between physical and community regeneration but there was insufficient evidence to conclude that the thematic area has achieved the desired level of integration.

There is evidence of clear geographical targeting of resources, with town-centre projects citing links with Communities First areas and personnel. By their very nature, ERDF Convergence Priority 5 Theme 2 projects are less directly focussed on target areas and these operate across a variety of geographies. However, within these projects there is a natural focus on community / social enterprise development activities within Communities First areas and Strategic Regeneration Areas. Furthermore, it was noted during the interviews that in Convergence wide projects, services like those delivered by credit unions are targeted directly at financially excluded people.

There is a positive level of engagement amongst third sector organisations, either as direct deliverers / partners in projects, or as recipients of support.

**Conclusions**

It is clear from the monitoring data that good progress is being made across the board with many outputs either already exceeding targets or projected to achieve targets even after allowing for a degree of underperformance.

There are a few areas for concern, namely, in the ESF Programmes, collaborative agreements between public service bodies, and participants entering further learning, and, in the ERDF Programmes, waste reduced, reused or recycled, profit benefit, jobs accommodated, investment induced, and new or improved products, processes or services launched.

Overall, the Programmes seem to be on target to delivering the vast majority of their objectives.
1. INTRODUCTION

1.1. Background

This report summarises three different pieces of work that have been commissioned by WEFO investigating the different elements of the 2007-2013 Structural Funds Programmes in Wales. An evaluation of ESF Convergence Priority 2 (Increasing Employment) was undertaken as part of a collaboration between Old Bell 3 and the WEFO Research, Monitoring and Evaluation (RME) Team and was published in May 2012; the study focussed on ESF Convergence Priority 1 (Young People) was undertaken by GHK and published in January 2013. The third set of reports was completed by ERS and Hardisty Jones Associates and covered the remainder of the Programmes: Increasing Skills (ESF Convergence Priority 3 and ESF Competitiveness Priority 2); Modernising Public Services (ESF Convergence Priority 4); R&D (ERDF Convergence Priority 1 and ERDF Competitiveness Priority 1); Enterprise Support (ERDF Convergence Priority 2 and ERDF Competitiveness Priority 2); Strategic Infrastructure (ERDF Convergence Priority 3 and ERDF Competitiveness Priority 4); Climate Change (ERDF Convergence Priority 4 and ERDF Competitiveness Priority 3); and Regeneration (ERDF Convergence Priority 5 and ERDF Competitiveness Priority 4). The third study forms the bulk of this report.

The purpose of the report is to assess whether the right types of activities are being delivered through the Convergence and Competitiveness Programmes to meet the objectives of each thematic area and whether enough progress is being made in the delivery of these activities, specifically, to:

- establish the progress each thematic area is making towards achieving their objectives as set out in the Operational Programmes (OP);
- establish the coherence of projects with the policy goals for each thematic area as set out in the OPs;
measure performance to date in terms of projects approved, financial commitment, spend, and output / result indicators compared with targets and assess the likelihood of achieving targets by the end of the Programmes;

uncover reasons for any apparent slippage or underperformance or over performance to date and the potential to rectify this as projects continue;

assess the extent to which:

- projects are working together with other projects within the Priorities;
- Priorities are suited to undertaking transnational activities and to maximising links to other EU Community Initiatives;
- the cross fund flexibility tool designed to encourage cross financing (ESF and ERDF) is being utilised (and, if so, whether this is successful);
- projects within the Priorities are conducting innovative activities as stipulated in the Strategy section of the OP;
- investments made within the Priorities are adding value to national policies; and

To report conclusions and recommendations in terms of the likely outturn on current trends for the Priorities compared with targets and the level of resourcing for the Priorities.

In addition, specific questions were asked in respect of each thematic area.

1.2. Methodology

The method adopted for the work underpinning this report was: to review the relevant background documentation (e.g. the Operational Programmes, Strategic Frameworks and other documents); to analyse monitoring data relating to expenditure commitments and spend and associated outputs and results; to undertake interviews with WEFO staff and other programme stakeholders and to carry out case study research with up to ten projects within each thematic area.
Monitoring data were derived from WEFO’s PPIMS database (not from project interviewees) and originally represented a snapshot as at mid-September 2011. This synthesis report was then updated with data at the end of 2012.

As noted above, separate evaluations were undertaken for the Young People and Increasing Employment thematic areas. Findings from these evaluations have been integrated in this report.

1.3. Programme Overview

The Convergence Programmes for West Wales and the Valleys comprise funding from the European Regional Development Fund (ERDF) of around £1 billion and the European Social Fund (ESF) of around £690 million. The ERDF Programme aims to transform Wales into a sustainable and competitive economy by investing in the knowledge economy and helping new and existing businesses to grow. It also seeks to regenerate Wales’ most deprived communities, tackle climate change and improve transport. The ESF Programme aims to tackle economic inactivity, increase skills and boost employment. The Convergence Programmes cover 15 local authority areas in West Wales and the Valleys and, together with match funding, are expected to be worth around £3.5 billion.

The Regional Competitiveness and Employment (Competitiveness) Programmes cover East Wales and also comprise funding from ERDF (around £60 million) and ESF (around £50 million). The ERDF Programme seeks to help new and existing businesses to grow and move up the value chain, and increase the ‘value added’ per job, as well as regenerate Wales’ most deprived communities and tackle climate change. The ESF Programme aims to tackle economic inactivity, increase skills and boost employment. The Competitiveness Programmes cover seven local authority areas in East Wales and, together with match funding, are expected to be worth around £280 million.
2. DELIVERY CONTEXT

2.1. Background

Table 2.1 outlines how each thematic area maps to the Priorities and Themes of the four Programmes and the Strategic Frameworks which were developed to guide the delivery of activity to support the four Programmes.

Table 2.1 – Mapping of Thematic Area to Priorities and Themes and Strategic Frameworks

<table>
<thead>
<tr>
<th>Thematic Area</th>
<th>Priority and Theme</th>
<th>Strategic Framework</th>
</tr>
</thead>
<tbody>
<tr>
<td>Young People</td>
<td>ESF Convergence Priority 1, Themes 1 and 2</td>
<td>Young People</td>
</tr>
<tr>
<td></td>
<td>ESF Competitiveness Priority 1</td>
<td></td>
</tr>
<tr>
<td>Increasing Employment</td>
<td>ESF Convergence Priority 2, Themes 1 and 2;</td>
<td>Increasing Employment and Tackling Economic Inactivity</td>
</tr>
<tr>
<td></td>
<td>ESF Competitiveness Priority 1</td>
<td></td>
</tr>
<tr>
<td>Increasing Skills</td>
<td>ESF Convergence Priority 3, Themes 1, 2 and 3;</td>
<td>Raising the Skills-Base of the Workforce and supporting progression in employment through Basic and Intermediate level skills; Skills for the Knowledge Economy: Higher Level skills and Systems for Workforce Development; Promoting Gender Equality in Employment;</td>
</tr>
<tr>
<td></td>
<td>ESF Competitiveness Priority 2</td>
<td></td>
</tr>
<tr>
<td>Category</td>
<td>Funding Scheme</td>
<td>Themes and Priorities</td>
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<tr>
<td>--------------------------------</td>
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<tr>
<td>Modernising Public Services</td>
<td>ESF Convergence</td>
<td>Priority 4, Themes 1 and 2</td>
</tr>
<tr>
<td></td>
<td></td>
<td>ESF Convergence Priority 4, Themes 1 and 2</td>
</tr>
<tr>
<td>R&amp;D</td>
<td>ERDF Convergence</td>
<td>Priority 1, Themes 1 and 2; ERDF Competitiveness Priority 1</td>
</tr>
<tr>
<td>Enterprise Support</td>
<td>ERDF Convergence</td>
<td>Priority 2, Themes 1 and 2; ERDF Competitiveness Priority 2</td>
</tr>
<tr>
<td>Strategic Infrastructure</td>
<td>ERDF Convergence</td>
<td>Priority 3, Themes 1 and 2; ERDF Competitiveness Priority 4</td>
</tr>
<tr>
<td>Climate Change</td>
<td>ERDF Convergence</td>
<td>Priority 4, Themes 1, 2 and 3; ERDF Competitiveness</td>
</tr>
</tbody>
</table>
2.1.2 Financial Allocations and Targets

The financial allocations to each Thematic Area are summarised in the table below.

Table 1: Financial Allocations

<table>
<thead>
<tr>
<th>Thematic Area</th>
<th>EU Funding</th>
</tr>
</thead>
<tbody>
<tr>
<td>Young People</td>
<td>£112 million (ESF)</td>
</tr>
<tr>
<td>Increasing Employment</td>
<td>£271 million (ESF)</td>
</tr>
<tr>
<td>Increasing Skills</td>
<td>£329 million (ESF)</td>
</tr>
<tr>
<td>Modernising Public Services</td>
<td>£22 million (ESF)</td>
</tr>
<tr>
<td>R&amp;D</td>
<td>£283 million (ERDF)</td>
</tr>
<tr>
<td>Enterprise</td>
<td>£136 million (ERDF)</td>
</tr>
<tr>
<td>Strategic Infrastructure</td>
<td>£328 million (ERDF)</td>
</tr>
<tr>
<td>Climate Change</td>
<td>£199 million (ERDF)</td>
</tr>
<tr>
<td>Regeneration</td>
<td>£138 million (ERDF)</td>
</tr>
</tbody>
</table>

Source: WEFO, 31/12/2012

2.2. Policy and Operational Context

The Convergence and Competitiveness Programmes contain a number of high level ‘tracking indicators’ which provide the overall context for assessing economic progress. The targets for the Programmes, and the basis on which projects were approved, were predicated on a continuation of favourable national and international economic conditions. Project and Programme design was based on the aim of achieving structural change in order to close
the gap between Welsh and national / EU averages in respect of a selection of key indicators. In the event, the Convergence and Competitiveness Programmes have had to pursue this aim in the face of a deep recession in the UK followed by a very slow recovery.

Whilst there has been a considerable change in the economic situation it is not possible to apply either a generic discount or series of specific discounts to the targets to which the Programmes are working as these have been agreed with the European Commission. Indeed, the achievement of some targets may have been aided by the recession, such as the numbers of people assisted with learning and / or employment opportunities. In some instances it also led to the formulation of specific projects.

At thematic area level there are some policy areas which are evolving rapidly, and so the context within which the funds are operating has changed since the design of the programmes in 2005/2006 and the inception of the programmes in 2007. In particular, the publication of Economic Renewal: A New Direction, resulted in the Welsh Government’s support for the economy being directed at: investing in infrastructure; creating attractive conditions for business; improving skills; encouraging innovation; and targeted business support, as opposed to direct and generic support for businesses.

With the agreement of the European Commission, it was decided to re-focus elements of the ERDF Programmes accordingly. One of the results of this was the withdrawal of support for projects which were not aligned with the new priorities. This had a negative impact on some Welsh Government-sponsored grant-giving projects which have had to be redesigned, with resultant delays and underperformance (to date). Yet other projects have seen increased activity, as businesses seek out alternative funding sources.

The change in government within the National Assembly for Wales in 2011 and the publication of the Programme for Government 2011-16 will influence the policy environment in which the Structural Funds Programmes are delivered over the remainder of the Programme period.
3. COHERENCE OF PROJECTS WITH POLICY GOALS

3.1. Introduction

The purpose of this chapter is to explore the coherence of projects approved with the policy goals as set out in the Operational Programmes.

Projects have been reviewed against the aims and objectives of each of the Priorities within each thematic area and the sub-Priority Themes. The indicative actions identified in the Priorities and Themes have also been considered. In addition, any further proposed activities in the Strategic Frameworks that cover each thematic area have been considered. From this analysis it is possible to identify those areas that are well covered and whether there are gaps between the range of projects that have been committed and the proposed activities set out in the OPs and Strategic Frameworks.

This analysis is based upon a review of business plan executive summaries for every approved project, project level interviews with a sample of projects and interviews with a range of wider stakeholders, including Strategic Framework Coordinators, WEFO staff and PMC members.

3.2 Young People

The evaluation found good coverage of the Priority objectives with approved projects varying in terms of size (funding), complexity, geographical coverage, intended target groups and project sponsor, amongst many other aspects. Projects had multiple and overlapping aims, including to generate learning for policy makers and practitioners (e.g. Reach the Heights); tackle multiple aspects of disadvantage in one locality (e.g. Building the Future Together in Rhondda Cynon Taff); address the needs of specific target groups (e.g. the Regional SEN project and STEM Cymru); and support regional collaborations with multiple strands of activity (e.g. both Pre-VENT projects, and Llwyddo’n Lleol).
3.3 Increasing Employment

Overall, the mix of projects is consistent with the objectives of the Operational Programmes and the Increasing Employment and Tackling Economic Inactivity Strategic Framework although there is less activity supporting older people, those with caring responsibilities and those facing transport as a barrier to employment.

Originally there was a particular focus on those who are not economically active, but the depth and length of recession saw the emergence of more project activity related to those made redundant or at risk of being made redundant. The portfolio of projects comprises an extensive mix of activities that fit into the suite of activities suggested in the OP.

3.4 Increasing Skills

The vast majority of projects within this thematic area are performing well and the overall objectives of the thematic area will be achieved but a few gaps have been found between the scope of projects approved and the policy goals within Convergence Priority 3 and Competitiveness Priority 2.

Major activity areas are covered through large scale Welsh Government sponsored projects, with smaller scale projects targeted at more specialised areas. There remains scope for additional activity related to:
- disabled participants;
- validating skills of migrant workers;
- supporting women to secure higher level skills in non-traditional areas; and
- challenging traditionally female dominated occupations.

3.5 Modernising Public Services

The OP sets out its key priorities around collaborative working and the Local Service Boards are identified as the key vehicle in achieving this, bringing together a range of public and third sector bodies. Theme 2 is concerned
primarily with developing skills and capacity of the public sector workforce and that of social partners linked specifically to the reform agenda.

There is considered to be significant coverage across the majority of objectives and indicative actions for both the OP and the Strategic Framework. Furthermore there does not appear to be any specific issues with regards to duplication in terms of activity types with each project very clearly focused on their particular approach.

The areas that have not been substantially addressed are around new approaches to leadership and management development in a trans-national context. There may also be some gaps in terms of the use of data warehousing and e-learning portals for public sector provision. Such activity may, however, emerge within the context of existing projects where capacity to fund new activities has been incorporated.

3.6 R&D

Current approved activity covers the vast majority of OP aims and objectives. In particular, coverage against the Community Exploitation objective is very comprehensive. The ICT Infrastructure objective should be met by a next generation high speed broadband project under development at the time of this evaluation. However, there is evidence of widespread gaps in activity in the relevant Competitiveness Priority (Priority 1 – Knowledge and Innovation for Growth).

There remains scope for additional activity related to:

- environmental/resource efficiency;
- growing new and groundbreaking ICT industries;
- communicating the messages about R&D (selling Welsh R&D outside of Wales and encouraging underrepresented groups to get involved in R&D);
- training managers to better equip them to become open to innovation;
- maximising the opportunities available through Framework 7; and
- waste.
3.7 Enterprise Support

There appears to be good coverage across the majority of objectives, (particularly when considering the scale of some of the projects) with several projects addressing a number of the key strategic objectives. The exception is support for the growth of existing enterprises and sectors – the consequence of policy changes leading to project closures.

The Business Finance Theme is focussed on providing financial instruments to address key market failures. Loan and equity funding is more than adequately addressed through the JEREMIE and Community Investment Fund.

It should, however, be noted that in terms of supporting the growth of existing enterprises, a key programme for delivery (Business Growth) is no longer operational. Also, under growing selected sectors, there is a much smaller concentration of resources, although significant activity in this area is delivered by the Welsh Government to address these key priorities (e.g. the Sector Team approach).

The potential role of sectoral Enterprise Zones, City Regions and support for Micro-businesses is currently under consideration and further activities or re-focusing of existing resources under these two objectives may become apparent as new Welsh Government policy is clarified.

3.8 Strategic Infrastructure

The two main Priorities within the thematic area were designed to bring about inter-modal shifts to public transport, address pinch-points on the TEN-T road network and contribute to SME and job growth through land developments and premises created/refurbished.

The current mix of projects does not give sufficient weight to the intermodal shift objective as, due to the need to bring forward retrospection projects to meet N+2 targets, there has been more emphasis on road improvement projects than might have been expected from the objectives and priorities set
out in the Sustainable Transport Framework. Consequently, the overall mix of projects does not seem likely to reduce car usage, increase public transport usage and reduce road haulage to the extent anticipated in the Strategic Framework.

The two development fund projects absorb a large proportion of commitments to date within Convergence Priority 3 Theme 2. As the portfolio of projects funded through these means is not yet clear, it is premature to draw any conclusions about the extent to which the overall portfolio of supported projects will fit with the strategic objectives of Theme 2. However, from what is already known, there does appear to be alignment with these objectives.

3.9 Climate Change

Overall, there is good coverage of many of the proposed areas of activity set out in the OPs and Strategic Frameworks. There do not appear to be any systematic or large gaps, but some smaller gaps in the range of proposed activity that has been approved.

Good progress is being made in the relevant Convergence Priority (Priority 4 – Creating an Attractive Business Environment) (especially the Environment for Growth Theme), but there is a limited range of activity in the relevant Competitiveness Priority (Priority 3 - Tackling Climate Change).

There is a large amount of investment in infrastructure to generate clean energy, in coastal and inland flood defences, in tourism infrastructure that will bring economic benefits and in helping SMEs to develop renewable energy, amongst many other successful activities. There remains scope for additional activity related to:

- clean coal technology and some other renewable energy resources;
- encouraging businesses to become more energy efficient and dissemination of best practice on energy efficiency;
- carbon capture and storage;
- sustainable management of water resources;
• removing sources of contamination, catchment management initiatives and minimising run-off and reducing pollution;
• developing waste and resource management facilities; and
• developing new resource efficient product design technologies.

3.10 Regeneration

There is good coverage across the whole range of areas of activity reflecting the priorities of the OP and Strategic Frameworks. The one aspect that appears, explicitly, less well covered is the direct involvement of communities in accessing and improving services.

In terms of physical regeneration activities there is evidence of comprehensive coverage against the OP aim of integrated regeneration of deprived towns and villages through physical improvements. The majority of projects include public realm and/or environmental improvements, improvements to transport links and parking and the development of small scale sites and premises. There are no evident gaps based on requirements identified in the Strategic Frameworks.

With regard to developing and delivering effective ways of engaging local communities, there is evidence of this taking place in at least six projects – with some of these considered to be demonstrating best practice in this field.

In respect of Community Economic Development the majority of projects are focussed on the development of social enterprises – either through development support or financial instruments.
4. PERFORMANCE TO DATE AND ANTICIPATED OUTTURN

The purpose of this section is to explore performance to date in terms of projects approved, financial commitment, spend, and output and result indicators compared with project and programme targets.

4.1 Financial Progress

Funds are committed to projects at approval sign-off. Each project then profiles how funds are expected to be drawn down throughout the life of the project. There is therefore a clear distinction between commitment of funds and expenditure of funds.

4.1.1 Commitment of Funds

Table 3 outlines commitment levels by thematic area.

Table 3: Allocation and commitment of EU funds

<table>
<thead>
<tr>
<th>Thematic Area</th>
<th>Allocated</th>
<th>Committed</th>
<th>Not committed</th>
<th>£ Millions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Young People</td>
<td>111.9</td>
<td>101.4</td>
<td>10.5</td>
<td>91%</td>
</tr>
<tr>
<td>Increasing Employment</td>
<td>270.9</td>
<td>273.3</td>
<td>-2.5</td>
<td>101%</td>
</tr>
<tr>
<td>Increasing Skills</td>
<td>329.1</td>
<td>298.9</td>
<td>30.3</td>
<td>91%</td>
</tr>
<tr>
<td>Modernising Public Services</td>
<td>22.3</td>
<td>20.6</td>
<td>1.7</td>
<td>93%</td>
</tr>
<tr>
<td>R&amp;D</td>
<td>282.5</td>
<td>315.8</td>
<td>-33.3</td>
<td>112%</td>
</tr>
<tr>
<td>Enterprise</td>
<td>135.7</td>
<td>135.2</td>
<td>0.5</td>
<td>100%</td>
</tr>
<tr>
<td>Strategic Infrastructure</td>
<td>328.3</td>
<td>330.4</td>
<td>-2.1</td>
<td>101%</td>
</tr>
<tr>
<td>Climate Change</td>
<td>198.7</td>
<td>181.7</td>
<td>17.0</td>
<td>91%</td>
</tr>
<tr>
<td>Regeneration</td>
<td>137.8</td>
<td>154.3</td>
<td>-16.5</td>
<td>112%</td>
</tr>
</tbody>
</table>

Source: WEFO, 31/12/2012

1 Note that the exchange rate is a planning rate of £1:€1.25
It can be seen from Table 3 that commitment ranges from 91% for three areas: Young People; Increasing Skills; and Climate Change to 112% for both R&D and Regeneration, with a healthy overall commitment level of 100%.

4.1.2 Expenditure

Young People
Actual expenditure as at December 2012 was 69% of profiled expenditure at that point.

Of the total allocation of £111.9 million, just under £47.9 million has been spent to-date – a total of 43% spent in the first 60 months of the Programme period at a rate of just under £0.8 million per month. Looking forward 57% (£64.0 million) needs to be spent in the remaining 36 months at a rate in excess of £1.8 million per month.

Increasing Employment
Actual expenditure as at December 2012 was 85% of profiled expenditure at that point. Convergence ESF Priority 2 was slightly further ahead at 85% with Competitiveness ESF Priority 1 at 84%.

Of the total allocation of £270.9 million, just over £163.2 million has been spent to-date – a total of 60%

Looking forward 40% (£107.7 million) needs to be spent in the remaining 36 months at a rate of £3.0 million per month.

Increasing Skills
Actual expenditure as at December 2012 was 75% of profiled expenditure at that point. Competitiveness ESF Priority 2 was slightly further ahead at 77% with Convergence ESF Priority 3 at 75%.

Of the total allocation of £329.1 million, just over £112.0 million has been spent to-date – a total of 34% spent in the first 60 months of the Programme period at a rate of just under £1.9 million per month. Looking forward 66%
(£217.2 million) needs to be spent in the remaining 36 months at a rate in excess of £6.0 million per month.

Consultees expressed confidence that the full allocation would be spent in this thematic area.

**Modernising Public Services**

Actual expenditure as at December 2012 was 37% of profiled expenditure at that point.

Of the total allocation of £22.3 million, just £2.9 million has been spent to-date – a total of around 13% spent in the first 60 months of the Programme period at a rate of just over £48,836 per month. Looking forward, 87% (£19.3 million) needs to be spent in the remaining 36 months at a rate in excess of £536,950 per month.

Consultees expressed confidence that activities would gather pace but there has to be some doubt as to whether the full allocation will be spent.

**R&D**

Actual expenditure as at December 2012 was 67% of profiled expenditure at that point. Competitiveness ERDF Priority 1 was further ahead at 78% with Convergence ERDF Priority 1 at 66%. In respect of the former, JEREMIE, accounts for around 50% of forecast expenditure. This is deemed to have been spent in full when the money leaves the WEFO budget, rather than when committed and spent by the JEREMIE project itself.

Of the total allocation of £282.5 million, just over £79.2 million has been spent to-date – a total of 28% spent in the first 60 months of the Programme period at a rate of just over £1.32 million per month. Looking forward 72% (£203.3 million) needs to be spent in the remaining 36 months at a rate of almost £5.6 million per month.
Whilst many consultees expressed confidence that the full allocation would be spent for this thematic area, some were concerned that delays in delivery may impact on the ability of some projects to draw down their full allocation.

**Enterprise**

Actual expenditure as at December 2012 was 93% of profiled expenditure at that point. Competitiveness ERDF Priority 2 was furthest ahead at 97% while expenditure for Convergence ERDF Priority 2 stood at 93% of profiled levels.

Of the total allocation of £135.7 million, just over £87.8 million has been spent to-date – a total of 65% in the first four years. Although this suggests spending the full allocation is well on course, incorporated within the above figures is spend for the two JEREMIE projects. Because of the nature of this activity, the full financial allocation for these projects was awarded on approval and therefore counted immediately as spend. These two projects account for £43m (or 49%) of total spend to date (£38m Convergence and £5m Competitiveness).

Consultees expressed confidence that the full allocation would be spent for this thematic area.

**Strategic Infrastructure**

Actual expenditure as at December 2012 was 84% of profiled expenditure at that point. Convergence ERDF Priority 3 was at 85% with Competitiveness ERDF Priority 4 at 63%.

Of the total allocation of £328.3 million, just over £144.7 million has been spent to-date – a total of 44% spent in the first 60 months of the Programme period at a rate of just under £2.4 million per month. Looking forward 56% (£183.6 million) needs to be spent in the remaining 36 months at a rate of £5.1 million per month.
Consultees expressed confidence that the full allocation would be spent for this thematic area.

**Climate Change**

Actual expenditure as at December 2012 was 76% of profiled expenditure at that point. The figure for Convergence ERDF Priority 4 was 75% and for Competitiveness ERDF Priority 3 was 129%, suggesting that the profiling of funds is incorrect and lagging behind actual spend.

Of the total allocation of £198.7 million, only £63.6 million has been spent to-date – a total of 32%. With a further three years to spend the total allocation (to the end of 2015), the rate of spending will need to increase substantially (to nearly 23% of total allocation per year).

Whilst consultees expressed confidence that the rate of expenditure would increase, there were some doubts expressed at the ability to discharge the full allocation of the thematic area.

**Regeneration**

Actual expenditure as at December 2012 was 63% of profiled expenditure at that point, overall and for each Programme.

Of the total allocation of £137.8 million, just over £47.4 million has been spent to-date – a total of 34% spent in the first 60 months of the Programme period at a rate in excess of £0.8 million per month. Looking forward 66% (£90.4 million) needs to be spent in the remaining 36 months at a rate in excess of £2.51 million per month.

However, it is important to recognise that significant proportions of the budget are being invested in physical developments at later stages in the whole lifetime of the Programmes. This type of spend tends to happen at intensive rates when the projects come to fruition. Therefore, project level consultations did not raise any major concerns about the ability to spend, especially within the physical regeneration area.
Table 4: Allocation and expenditure of EU funds

<table>
<thead>
<tr>
<th>Thematic Area</th>
<th>Allocated</th>
<th>Paid to date</th>
<th>Profiled to date</th>
<th>Percentage of Profiled Paid</th>
</tr>
</thead>
<tbody>
<tr>
<td>Young People</td>
<td>111.9</td>
<td>47.9</td>
<td>69.2</td>
<td>69%</td>
</tr>
<tr>
<td>Increasing Employment</td>
<td>270.9</td>
<td>163.2</td>
<td>192.0</td>
<td>85%</td>
</tr>
<tr>
<td>Increasing Skills</td>
<td>329.1</td>
<td>112.0</td>
<td>148.5</td>
<td>75%</td>
</tr>
<tr>
<td>Modernising Public Services</td>
<td>22.3</td>
<td>2.9</td>
<td>7.9</td>
<td>37%</td>
</tr>
<tr>
<td>R&amp;D</td>
<td>282.5</td>
<td>79.2</td>
<td>118.1</td>
<td>67%</td>
</tr>
<tr>
<td>Enterprise</td>
<td>135.7</td>
<td>87.8</td>
<td>94.3</td>
<td>93%</td>
</tr>
<tr>
<td>Strategic Infrastructure</td>
<td>328.3</td>
<td>144.7</td>
<td>172.5</td>
<td>84%</td>
</tr>
<tr>
<td>Climate Change</td>
<td>198.7</td>
<td>63.6</td>
<td>83.6</td>
<td>76%</td>
</tr>
<tr>
<td>Regeneration</td>
<td>137.8</td>
<td>47.4</td>
<td>74.9</td>
<td>63%</td>
</tr>
</tbody>
</table>

Source: WEFO, 31/12/2012

4.2 Progress Against Output and Result Indicators

This sub-section provides a high-level discussion of progress against the key, programme-level indicators. A more detailed discussion of progress against output and result indicators for each thematic area was undertaken for the full reports for each thematic area.

Table 5 gives forecast and achieved data on approved projects against the Programme target for each Programme-level indicator in the ESF Convergence Programme.

Table 5 - ESF Convergence Programme-level Indicators
Good progress is being made against the Programme-level indicators with over 100% of the total participant target achieved at end 31st December 2012. Around 45% of the total participants are female, close to the Programme target of 55%. Over 100% of the target for participants gaining qualifications, over 100% of the target for participants entering employment and around 43% of the target for participants entering further learning have been achieved. Collaborative agreements between public service bodies and participants entering further learning are both substantially behind profile though both indicators are forecast to exceed the programme targets.

Table 6 gives forecast and achieved data on approved projects against the Programme target for each Programme-level indicator in the ESF Competitiveness Programme.
### Table 6 - ESF Competitiveness Programme-level Indicators

<table>
<thead>
<tr>
<th>Indicator</th>
<th>OP Target</th>
<th>Project Forecast to end Programme</th>
<th>Project Forecast to 31/12/2012</th>
<th>Project Achievement to 31/12/2012</th>
<th>Difference</th>
<th>Share of DP Forecast achieved</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Participants</td>
<td>26,600</td>
<td>89,575</td>
<td>58,593</td>
<td>52,810</td>
<td>-5,783</td>
<td>90%</td>
</tr>
<tr>
<td>Female Participants</td>
<td>15,190</td>
<td>39,000</td>
<td>-</td>
<td>21,858</td>
<td>n/a</td>
<td>-</td>
</tr>
<tr>
<td>Economically inactive participants</td>
<td>11,900</td>
<td>33,300</td>
<td>-</td>
<td>20,196</td>
<td>n/a</td>
<td>-</td>
</tr>
<tr>
<td>Unemployed participants</td>
<td>2,100</td>
<td>14,200</td>
<td>-</td>
<td>11,171</td>
<td>n/a</td>
<td>-</td>
</tr>
<tr>
<td>Employed participants</td>
<td>12,600</td>
<td>42,100</td>
<td>-</td>
<td>21,415</td>
<td>n/a</td>
<td>-</td>
</tr>
<tr>
<td>Employers assisted</td>
<td>2,800</td>
<td>7,020</td>
<td>2,633</td>
<td>2,158</td>
<td>-475</td>
<td>82%</td>
</tr>
<tr>
<td>Participants entering employment</td>
<td>3,500</td>
<td>14,545</td>
<td>8,375</td>
<td>6,679</td>
<td>-1,696</td>
<td>80%</td>
</tr>
<tr>
<td>Participants gaining qualifications</td>
<td>9,650</td>
<td>30,750</td>
<td>14,220</td>
<td>17,385</td>
<td>3,165</td>
<td>122%</td>
</tr>
<tr>
<td>Participants gaining a basic skills qualification</td>
<td>5,740</td>
<td>14,400</td>
<td>-</td>
<td>3,760</td>
<td>n/a</td>
<td>-</td>
</tr>
<tr>
<td>Participants gaining a qualification at Level 2</td>
<td>2,570</td>
<td>11,000</td>
<td>-</td>
<td>8,608</td>
<td>n/a</td>
<td>-</td>
</tr>
<tr>
<td>Participants gaining a qualification at Level 3</td>
<td>800</td>
<td>4,100</td>
<td>-</td>
<td>3,895</td>
<td>n/a</td>
<td>-</td>
</tr>
<tr>
<td>Participants gaining a qualification at Level 4 and above</td>
<td>540</td>
<td>1,300</td>
<td>-</td>
<td>1,122</td>
<td>n/a</td>
<td>-</td>
</tr>
<tr>
<td>Participants entering further learning</td>
<td>4,620</td>
<td>6,021</td>
<td>3,086</td>
<td>896</td>
<td>-2,190</td>
<td>29%</td>
</tr>
</tbody>
</table>

Source: WEFO, 31/12/2012

* Based on claims submitted by projects and authorised by WEFO to 31/12/2012

Progress is being made against the Programme-level indicators with almost 200% of the total participant target achieved at end 31st December 2012. Around 41% of the total participants are female. Over 100% of the targets for participants gaining qualifications and participants entering employment have been met. Participants entering further learning is substantially behind profile though the indicator is forecast to exceed the programme target.

Table 7 gives forecast and achieved data on approved projects against the Programme target for each Programme-level indicator in the ERDF Convergence Programme.
Good progress is being made against some of the Programme-level indicators in the ERDF Convergence Programme, with the target already exceeded for collaborative R&D, and close to being achieved for gross passenger kilometres on public transport and premises created or refurbished. In addition, over 50% of the targets for enterprises assisted and enterprises created have been achieved. The targets for profit benefit, investment induced, new or improved products, processes or services launched and waste reduced, reused or recycled are not forecast to be achieved. Furthermore, progress with the waste reduced, reused or recycled, profit benefit and jobs accommodated is substantially behind profile.
Table 8 gives forecast and achieved data on approved projects against the Programme target for each Programme-level indicator in the ERDF Competitiveness Programme.

### Table 8 – ERDF Competitiveness Programme-level Indicators

<table>
<thead>
<tr>
<th>Indicator</th>
<th>OP Target</th>
<th>Project Forecast to end Programme</th>
<th>Project Forecast to 31/12/2012</th>
<th>Project Achievement to 31/12/2012 *</th>
<th>Difference</th>
<th>Share of DP Forecast achieved</th>
</tr>
</thead>
<tbody>
<tr>
<td>Enterprises assisted (number)</td>
<td>1,750</td>
<td>2,778</td>
<td>1,859</td>
<td>1,438</td>
<td>-421</td>
<td>77%</td>
</tr>
<tr>
<td>Collaborative R&amp;D (number)</td>
<td>10</td>
<td>48</td>
<td>11</td>
<td>2</td>
<td>-9</td>
<td>18%</td>
</tr>
<tr>
<td>Gross jobs created (FTE)</td>
<td>5,340</td>
<td>8,360</td>
<td>3,354</td>
<td>4,678</td>
<td>1,324</td>
<td>139%</td>
</tr>
<tr>
<td>Profit benefit (£ Millions)</td>
<td>30.0</td>
<td>9.7</td>
<td>2.9</td>
<td>3.7</td>
<td>0.7</td>
<td>125%</td>
</tr>
<tr>
<td>Products, processes or services registered (number)</td>
<td>80</td>
<td>202</td>
<td>62</td>
<td>53</td>
<td>-9</td>
<td>85%</td>
</tr>
<tr>
<td>New or improved products, processes or services launched (number)</td>
<td>400</td>
<td>381</td>
<td>117</td>
<td>80</td>
<td>-37</td>
<td>68%</td>
</tr>
<tr>
<td>Investment induced (£ Millions)</td>
<td>115.0</td>
<td>129.9</td>
<td>70.7</td>
<td>33.8</td>
<td>-37</td>
<td>48%</td>
</tr>
<tr>
<td>Enterprises created (number)</td>
<td>510</td>
<td>542</td>
<td>269</td>
<td>1,605</td>
<td>1,336</td>
<td>597%</td>
</tr>
</tbody>
</table>

Source: WEFO, 31/12/2012

* Based on claims submitted by projects and authorised by WEFO to 31/12/2012

Good progress is being made against some of the Programme-level indicators in the ERDF Competitiveness Programme, with achievement against the enterprises created indicator almost tripling the target. Targets are also close to being achieved for jobs created and enterprises assisted. In addition, over 50% of the target for products, processes or services registered has been achieved. The targets for profit benefit and new or improved products, processes or services launched are not forecast to be achieved. Furthermore, progress with collaborative R&D and investment induced, is substantially behind profile.
5. UNDERSTANDING PROJECT DELIVERY

This chapter explores a series of subjects related to project delivery.

5.1. Reasons for Under and Over Performance

5.1.1 Under-performance

For many projects there has been at least some delay that was not fully accounted for within the original business planning and output profiling process. A number of projects cited procedural issues in completing the project approval sign off process with WEFO. Delays in commencement of delivery post project approval have also affected projects to varying degrees, particularly when project management arrangements were multi-layered, and, in the case of Young People, it sometimes took time to engage with young people themselves.

A number of projects claimed that they re-profiled spend and activity because their initial forecasting was too ambitious. This has led to some under-performance against forecast activity to-date. These projects felt that they needed to demonstrate intent by providing an optimistic delivery profile which they then had to re-profile later on. Subsequent delivery experience also highlighted that the timing of delivery of targets was over-ambitious and that there was a need for re-profiling.

Indicator definition and monitoring was also raised as an issue. This related to both methods of assessing outcome achievements being used under previous projects that are no longer appropriate under the current Programmes resulting in lower returns and a lack of clarity in terms of evidence required to validate some outputs.

Under-reporting of outputs has also been identified as an issue with some projects saying that they were unable to input ongoing activity/spend into PPIMS. Furthermore, in relation to the targets for the key intervention groups in the ESF Programmes, there may be a further time lag because these data are held within WEFO’s participant database for which projects submit data less frequently than they submit their claims.
Some projects have needed to re-profile due to delays caused by external factors, most notably changes in national policy which have impacted on how a project can be delivered. This has been most pronounced in respect of the Climate Change, Employment and Enterprise Themes. Taking time to consider and respond to these changes has led to delays in delivery.

The approach to procurement required under WEFO guidance has been suggested by some projects as an initial factor which has led to slippage in project delivery. There were also reports that the process of carrying out procurement has taken longer than anticipated, and has also led to delays.

Some physical regeneration projects also cited the complex funding arrangements that were sometimes associated with a development, which could take some time to put in place and the length of time required to secure planning permission (although it might have been expected that experienced practitioners would have accounted for this). Weak economic conditions have also been a negative factor.

In a few cases there have been issues in terms of HR and recruitment delays that have had a detrimental effect on delivery.

Although there were few gaps in most thematic areas, the absence from the existing portfolio of projects that will contribute to some programme outputs did impact on some areas, especially in the Strategic Infrastructure thematic area.

In respect of Modernising Public Services and Young People, the fact that these Priorities signalled the need for new types of activities, in EU Structural Fund terms, was significant. There was, generally, no previous experience of developing and delivering projects of this kind on which the implementation of these Priorities could build and some sponsors lacked experience of ESF.

5.1.2 Over-performance
At thematic area level, the biggest factor impacting on over-performance has been approving projects to over-achieve at Priority level which has enabled
good progress to be made at Priority and thematic area level even where individual project progress has been variable.

In addition, the following factors were identified by projects as contributing to achievement / over-performance against targets:

- **Considerable experience** of project delivery, including within the context of European Structural Funds;
- an increasing ‘push’ towards self employment or starting a new business (albeit often prompted by unemployment / redundancy); and
- an increasing need for SMEs to secure business from new markets.

Furthermore, it was interesting to note that match funding was not regarded as a significant problem in spite of pressures on public sector budgets.

### 5.2. Project Integration and Collaboration

There are many positive experiences in terms of collaboration and joint working within all thematic areas. In part, this can be ascribed to the move to fewer, larger projects and the work of WEFO and the Specialist European Teams (SETs) in bringing together projects to ensure duplication was avoided and synergies maximised. Such collaboration is evident:

- across both Convergence and Competitiveness Programmes (with a number of instances of project level activity operating on a pan-Wales basis with little or no delineation between the separately funded projects);
- across Priorities as well as within the Priority;
- within individual project development activity, with partners identifying the requirement to work together within a single funding application to secure resources and deliver the desired outcomes; and
- between projects of a single sponsor, e.g. Welsh Government sponsored projects and university based projects but also between projects across different sponsor organisations, e.g. Welsh Government projects and projects sponsored by Non Departmental Public Bodies, amongst local authorities and amongst third sector organisations.
5.3. Transnational Activities

There appears to have been very little scope within any of the case study projects to undertake transnational activity as much of the activity is place-based and so tied to a particular local area.

General perceptions around transnational activity were that this was something that would be funded under, for example, the INTERREG Programmes and that transnational linked activity did not align well with the Convergence and Competitiveness Programmes which focused more on the delivery of national programmes. The real benefits of transnational activity (linked to their projects) were not particularly evident to project sponsors with perceptions around it being ‘nice to do’ rather than directly adding value to day to day delivery.

None of the case study projects consulted had undertaken any transnational activity, with very few having identified opportunities for greater transnational activity in the future (and confined to the Increasing Skills Theme). A couple of ICT projects suggested that some transnational activity may be undertaken on the basis of the projects, once the projects have closed.

5.4. Added Value

Amongst projects interviewed, the most common area of added value was scope (whereby a project ‘broadens’ existing action by supporting groups or policy areas that would not otherwise receive support). Examples included, within the R&D thematic area, the JEREMIE projects which are supporting businesses that banks would not support, especially in relation to early stage product / process development and funding for Universities’ commercialisation activities, given that Universities’ core funding is focussed on research and not the commercialisation aspects, and, within the Regeneration thematic area, the Parc Eirias project which is broadening the scope of Communities first activities. This was followed by role (whereby a project supports local / regional innovations that are taken up at national level or national innovative actions that are then ‘mainstreamed’). Examples included the Deltastream, BWCABUS and Sector Priorities Fund Pilots projects. The third most
common was *volume* (whereby a project ‘adds’ to existing action, either by supporting national action in general or specific areas of national policy). Examples here included the e-business and ICT support, A4B and Destination Marketing projects. The fourth most common was *process* (whereby a project influences Member States administrations and organisations involved in the Programmes).

### 5.5. Cross Fund Flexibility

Across the Programmes, there have been very few cases of projects making use of the cross-fund flexibility facility which enables ERDF projects to fund ESF type activity (e.g. to build premises and then train staff) and vice versa.² There have been a small number of cases under the, Young People, Increasing Employment, Increasing Skills, R&D and Climate Change thematic areas. Some project sponsors were unaware of the existence of the cross-fund flexibility facility.

### 5.6. Innovative Activity

There have been some examples of innovative activity being funded across the Programmes, most notably under the Climate Change thematic area (e.g. the Deltastream, Wood Energy Business Scheme and Anaerobic Digestion projects), but also, to a lesser extent, under the Regeneration, Young People, Increasing Skills and Strategic Infrastructure thematic areas. It is also worth noting that, whilst the Modernising Public Services thematic area is not as far advanced in delivery as the other thematic areas, a key principle of this thematic area is finding innovative approaches to improving the delivery of public services and projects that have been funded to date are operating according to this principle. There have been fewer examples of innovative activity in the Increasing Employment, R&D and Enterprise Support thematic

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² EU Regulation [1083/2006] Article 34 (2) allows up to 10% of the funds available within a Priority to be utilised under the cross-fund flexibility facility
areas, but, in the case of the latter, many projects are building on previous work, much of which was innovative in its time.

5.7. Thematic Area-Specific Analysis

In addition to investigating issues common to all thematic areas, this study considered a series of questions specific to each thematic area.

5.7.1 Young People

In terms of **effects on mainstream services**, the Priority has enabled many projects to try innovative approaches; extend / develop existing provision; and influence mainstream provision to be more responsive to the needs of certain young people who have previously been overlooked. Stakeholders were generally of the view that ESF had fostered greater collaboration between local authorities than had previously been the case. The Priority was found to have promoted joint working across organisations with different agendas and in different localities. Furthermore, the evaluation found emerging evidence that longer-term impacts on mainstream services in terms of practices in working with young people are being achieved. These include: adaptations in schools’ approaches to identifying and supporting a wider group of younger children showing early signs of falling behind; working with universities and schools to widen access and participation in Higher Education. However, some project staff had concerns that young people’s needs were continuing to grow due to the unfavourable economic climate.

In terms of **best practice in project delivery**, strong partnership arrangements are underpinned by clear project management arrangements – these allow for dialogue between different agencies and support from senior levels. Projects that built on previous experience of ESF-funded interventions tended to have more effective partnership arrangements. The evaluation found evidence of best practice amongst projects at key points in the support received by participants, from initial engagement through to completion and progression. The most effective practices in engaging and delivering to young people were flexible, holistic, and in many cases, involved the use of
keyworking or mentoring to bring together different services and offer specialist advice and support. There is evidence that some sponsors developed innovative and gender-sensitive provision to address disengagement amongst young women. Projects also implemented innovative educational options such as alternative provision / route ways through learning.

5.7.2 Increasing Employment
In terms of the extent to which projects within the thematic area are working together to support individuals’ progression towards sustainable employment, there is a general feeling of trust between projects with little reluctance to cross-refer participants between projects when and if the need arose. It was less clear that projects were working together as strategically as they could to shape onward progression to employment. A number of consultees commented on the ‘rule’ whereby, where a participant has accessed support from a number of different projects, only the last project in the chain could claim the employment outcome. Consultees argued that this inhibits collaboration between projects. Nevertheless, it was argued that collaboration between projects is not just a linear process but involves simultaneous interventions and there was evidence of different projects covering different aspects of the participants’ needs.

In terms of the extent to which the thematic area is delivering the necessary balance of labour market interventions as envisaged by the Operational Programme and Strategic Framework, the portfolio of projects is providing a good balance of labour market interventions, although there is less activity supporting older people, those with caring responsibilities and those facing transport as a barrier to employment. Stakeholders were concerned about the potential for duplication and overlap across ESF projects and with mainstream employment provision. In relation to the latter, the introduction of the DWP Work Programme has led to a considerable re-alignment of projects but this has resulted in projects being very clearly focussed on their client groups.

5.7.3 Increasing Skills
In terms of the extent to which projects in this thematic area have responded to delivering demand led provision of qualifications at level 3 and beyond, there is evidence of substantial consideration of priority areas for demand, primarily through the use of labour market intelligence and engagement with Sector Skills Councils (SSCs). However a risk to the remainder of the programming period is the potential restructuring of SSCs. In addition to interaction between projects and SSCs the evaluation found evidence of more detailed demand led activity, tailored very specifically to the business.

In relation to the balance between the different skill levels there is less of an emphasis on lower / basic skills than originally intended.

In terms of the extent to which the thematic area has been sufficiently focussed on challenging the traditionally gender dominated cultures, environments and attitudes within the workplace, there is no clear evidence of projects in ESF Convergence Priority 3 Theme 2 taking a proactive role in tackling gender dominated cultures. The evaluation uncovered three reasons for this: projects were focussed upon the core activity within their business plans and the lack of emphasis on tackling gender dominated cultures reflected a wider lack of proactivity in pursuing targets and activities related to the Cross Cutting Themes; many projects were targeting activity at the individual and felt they had limited influence over the business culture; and there is a limited understanding of the issues around gender dominated cultures in the thematic area with projects understanding this to be largely about ‘access’ e.g. whether men or women are able to enter

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3 Within ESF Convergence Priority 3 there are two Themes that mention activities relating to tackling traditional gender roles. One of the indicative activities in Theme 2 is “positive action measures which support women to secure higher level skills in non-traditional areas such as science and engineering, construction and ICT”. Theme 3 is specifically targeted at promoting gender equality in employment and includes two related indicative activities: “support employers, learning providers and others to promote diversity and challenge traditionally gender dominated cultures, environments and attitudes e.g. men in teaching and nursing, women in construction and scientific professions” and “develop actions with Sector Skills Councils and partners to tackle gender stereotyping in work-based learning, vocational training and apprenticeship programmes”.

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a sector or occupation, rather than ‘progression’ which is the focus of Theme 2. Within Theme 3, a single project, Agile Nation, has been commissioned which is tackling the full remit of activities identified for Theme 3 in the OP.\textsuperscript{4} However, within this project there is the potential for gaps around specific work addressing the participation of men in female gender dominated cultures and environments.

There is clear evidence of a contribution to the European Employment Strategy (EES). This includes activities ranging from Agile Nation, focusing on female participation and progression in the workforce and influencing employer attitudes to gender roles, through labour market intelligence within projects such as the Sector Priorities Fund Pilots, which looks to better anticipate skills needs and labour market shortages, to Shaping the Future, which is actively managing change as a result of economic restructuring and Access to Masters and other projects which are improving access to training at all levels through innovation in delivery and proactive engagement. However, the evaluation highlighted two main areas of concern: the focus on active ageing and engagement of older workers is substantially behind target; and the progress towards basic skills targets is very slow at the time of this evaluation. With regards to the latter, this may be partly because of the requirement to only report the highest qualification achieved, so when participants gain the next level up only this higher level qualification is reported. Progress against participants gaining qualifications against the higher level qualifications is higher than anticipated.

In terms of engagement of social partners, there is evidence of different types of engagement across the thematic area, the most common being: direct interface with employers in receipt of intervention via projects; indirect interface with employers through SSCs; and the presence of employer and / or Trade Union representation within project steering groups.

\textsuperscript{4} Since the fieldwork for this evaluation took place, a further project has been approved: Women Adding Value to the Economy (WAVE).
5.7.4 Modernising Public Services

In terms of the focus of this thematic area on **improving customer services**, the evaluation cited the Transforming Procurement Through Home Grown Talent and the Regional Learning Partnership projects as examples of projects focussed on improving customer services. The former is focussed on improving procurement skills amongst public sector and wider delivery organisations and is seeking to embed elements designed to make it easier and cheaper for SMEs to qualify to deliver public service contracts and improving access through e-procurement. The latter focuses indirectly on improving services by building increased levels of partnership working and streamlining various areas prone to duplication (e.g. employer engagement than can involve many different organisations collaborating).

In terms of the focus of the thematic area on **improving the accessibility of services**, the evaluation cited the Local Service Board project as an example of activity focussed on reconfiguring services (with the ultimate outcome being about improved accessibility and service) with all activities needing to evidence how they address equality and access to services.

In relation to the thematic area’s focus on **improving public service collaboration**, the evaluation found collaboration to be a core driver of the delivery models of all approved projects in this thematic area.

In terms of the extent to which the thematic area is **acting as a catalyst to change the delivery of public sector services**, it is too early to evidence any likely significant change as a direct result of project achievements. However, all projects within this thematic area have a clear focus on seeking to instigate a positive change with a view to creating long standing service improvements. Furthermore, this thematic area is providing impetus in moving some agendas and pilot ideas into practice due to the additional funding provided by the thematic area.
In terms of engagement of social partners, links with social partners generally appear to be indirect, for the most part reflecting the perceived relevance of social partners to the aims and objectives of projects.

5.7.5 R&D
In terms of the extent to which the thematic area is addressing barriers to business investment in R&D, projects dealing directly with businesses have reported that the majority of businesses that they have assisted have, in the main, overcome initial barriers to R&D and are undertaking research of a magnitude that they have previously not undertaken. However, despite excellent progress against the Collaborative R&D target, some of the university-based project sponsors have reported slow progress trying to persuade businesses to become involved in collaborative projects with universities, particularly micro-SMEs, who, it was suggested, perceive large collaborative projects to be too long-term and risky with risks outweighing the benefits.

In terms of the progression from a grant culture to one of investment, the JEREMIE project has seen an increase in enquiries since the publication of Economic Renewal: A New Direction. However, some projects reported difficulties in attracting businesses to undertake R&D or ICT projects using repayable loans rather than grant support, with evidence suggesting that removing grant support and replacing with repayable finance works for some business situations, but acts as a disincentive to undertaking R&D or ICT investment. Projects reported evidence of a market need for R&D grant support because of the technological risk inherent in R&D projects and this is something that is recognised by the European Commission.

In relation to collaboration between Higher Education Institutions (HEIs), the evaluation found this was largely between those universities with a long track record of collaborating together.

In terms of collaboration between HEIs and businesses, despite excellent progress against the Collaborative R&D target, some projects reported slow
progress with persuading businesses to become involved in collaborative projects with universities with concerns that their target SMEs were so small, they could not invest the time and resource to collaborate with universities and considered large collaborative projects too long-term and risky for their needs.

In terms of the extent to which the thematic area has adopted a more focussed approach (compared with the 2000-2006 Programmes) to stimulating innovation, the evaluators judged this to be the case on the basis of the Strategic Framework and spread of approved projects. However, the majority of projects interviewed believed the level of innovation in the 2007-2013 Programmes to be at a similar level to that seen in projects supported in the 2000-2006 Programmes. A factor affecting capacity for innovation highlighted in the evaluation was the difficulties of planning a long term R&D project, given that the later stages will depend on outcomes from R&D activity in the early stages.

In relation to support for accessing and exploiting ICT, there is much evidence of the relevant Convergence Priority helping communities and businesses access and exploit ICT. However, this is less pertinent to the relevant Competitiveness Priority which has very little support for ICT.

In relation to support for accessing Framework Programme 7 (FP7), the evaluation found no evidence of projects accessing FP7 funding. However, a small number of projects reported accessing Technology Strategy Board funds and a similarly small number were considering applying for FP7 funding after the ERDF project ends.

5.7.6 Enterprise Support

In terms of the progression from a grant culture to one of investment, the Priorities in this thematic area were already supporting a move from a grant culture towards investment even before the launch of Economic Renewal: A New Direction which signalled a change in emphasis of Welsh Government business support. As a direct consequence of this policy change the Welsh Government Single Investment Fund grant projects were closed and although
some grants are still available under the Convergence Priority within this thematic area the discontinuation of the SIF grants has significantly reduced the grant weighting within this thematic area. However, during discussions with project sponsors and other stakeholders, suggestions were made that because of the continuation of harsh economic conditions, there has been some debate within Welsh Government about reversing the shift to primarily repayable investments. This has already been reflected, for example, in the recent short term Wales Economic Growth Fund.

With regards to the extent to which the thematic area is **encouraging and supporting new business start-ups amongst under-represented groups**, a meaningful approach is being taken to ensure full engagement in delivering support to all members of the community, including specific actions to proactively engage with under-represented groups. Whilst there is clear evidence in terms of activity to specifically address the needs of under-represented groups (not least that mechanisms are in place for each provider to track and monitor their performance), specific data to substantiate the outcomes of this are not currently available.

In terms of the extent to which the thematic area is **encouraging sustainable business start-ups with growth potential**, a key driver of the New Business Start Up Support projects has been to focus on those new businesses considered to have growth potential.\(^5\) Despite this, the mid term evaluation of those projects highlighted the need for a new dimension to the projects aimed at a small number of high growth potential business starts-ups.

In terms of the extent to which the thematic area is **supporting business start-ups within the sectors identified by Economic Renewal: A New Direction**, whilst the possibility of confining the support provided to Economic Renewal priority sectors was considered, this would have changed the aim of the New Business Start Up Support projects fundamentally, with only a small

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\(^5\) i.e. turnover will exceed VAT threshold within the first year of trading
proportion of existing project clients being eligible for assistance. Other than the Growth in Environmental Marine Services project, this thematic area has not focussed on specific sectors for either new or existing businesses, with, for existing businesses, Welsh Government Sector teams taking the lead in this area. Furthermore, some Economic Renewal sectors are outside the scope of some ERDF finance interventions.

At the time of the evaluation the majority of projects had not yet completed their mid term evaluations so only limited information was available to fully assess the extent to which activity has been sufficiently focussed to meet needs and demand. Where information did exist, however, there was evidence of support being appropriately needs-focussed. Projects were giving consideration to the needs / demand of businesses during project development in two distinct ways. Firstly, projects that are based on well-established types of support for businesses were designed using evidence from past experience. Secondly, projects that are developing new activities utilised evidence from research and business surveys to refine their plans. There was also evidence of projects identifying and responding to changing requirements during implementation, with several projects assessing clients’ satisfaction and needs via regular surveys and, within the Customer Engagement projects, the business portal is regularly assessed to determine the most popular topics for businesses accessing the service. The evaluation also highlighted the importance of building in flexibility into project activity to respond to changing market needs.

5.7.7 Strategic Infrastructure

In relation to the focus of transport provision on improving accessibility to employment and training opportunities, most of the transport projects in the thematic area are intended to improve access to work and market opportunities in both rural and urban areas. This is the case whether the projects are designed to ease pinch points in the TEN-T road network, to enhance the capacity and quality of the rail network, to improve inter-modal exchanges (e.g. through station improvements) or to link bus services to demand.
The evaluation found that all the projects (including the transport provision projects) have been effectively developed and **designed to contribute to wider spatial and transport strategies**. However, the extent to which they were integrated with other projects both within the Priority and from elsewhere appeared to be limited. This was partly because their delivery did not require such integration in an operational sense (i.e. they were relatively self-contained). It was also because economic pressures might have inhibited the degree of integration possible. For example, some of the land and property development projects had to change their scope (e.g. from speculative to pre-let build) and had to acknowledge the difficulties that developers were encountering in attracting finance (i.e. detracting to some degree from their strategic intent).

There is evidence of strategic **collaboration between partners** in the design and development of all the projects (albeit to varying degrees). In some cases, this required a significant commitment of effort and time to sort out the legal and contractual treatment of liabilities, duties and risks where, for example, one local authority took overall responsibility for an initiative where other authorities were involved. Such collaboration was regarded as an achievement in its own right but it was associated with benefits in the form of agreed priorities for action and more ambitious and innovative projects being brought forward than otherwise would have been the case. There was evidence from some projects that partner engagement and cooperation faced challenges in the delivery of projects when, as in the case of some of the rail projects, partners had to apply their specific appraisal procedures (in addition to those of WEFO) and did so according to their own time and resource priorities.

**5.7.8 Climate Change**

In terms of the **balance between energy generation and conservation**, there was found to be a much greater focus of project activity on delivering energy generation than energy conservation. However, targets relating to both energy generation and conservation are unlikely to be met.
In relation to the **balance between the reduction, reuse and recycling of waste**, the review of monitoring data, project case studies and review of the executive summaries of business plans for all projects in this thematic area have not enabled this evaluation to differentiate between the resources dedicated to waste reduction, reuse and recycling.

In relation to the **Environment for Growth objective of enhancing the potential of the local economy**, there is a significant amount of activity within this thematic area that is likely to attract a large number of visitors to Wales.

### 5.7.9 Regeneration

There is evidence of some significant steps taken to address **integration between physical and community regeneration**, but there is insufficient evidence to conclude that the thematic area has achieved the desired level of integration. Examples of integration included physical regeneration / renovation projects being delivered in partnership with or by a third sector partner that owned the building being owned and the involvement of local organisations and other stakeholders in the identification of needs.

In relation to **focussing resources on the most deprived communities**, there is evidence of geographical targeting of resources amongst ERDF Convergence Priority 5 Theme 1 and ERDF Competitiveness Priority 4 projects. Furthermore, all town-related projects interviewed mentioned links with Communities First areas and personnel. By their very nature, ERDF Convergence Priority 5 Theme 3 projects are less directly focussed on target areas and these operate across a variety of geographies, from within a unitary authority, to clusters of unitary authorities, and projects covering the whole Convergence area. However, within these projects there is a natural focus on community / social enterprise development activities within Communities First areas and Strategic Regeneration Areas. Furthermore, it was noted during the interviews that in Convergence wide projects, services like those delivered by credit unions are targeted directly at financially excluded people.
In terms of engagement with and collaboration between third sector organisations, there is a positive level of engagement amongst third sector organisations, either as direct deliverers / partners in projects, or as recipients of support.
6. CONCLUSIONS AND RECOMMENDATIONS

6.1. Conclusions

Young People
Recruitment and headline performance indicators for Priority 1 show that good progress is being made in reaching the main target groups and number of participants set out in the OP and projects’ business plans. In spite of the delays in implementation across the Priority, some projects have recruited very well and are on track to exceed their initial targets. Recruitment of NEET participants to date appears to be lower than expected, although some of the projects that mostly work with NEET young people have yet to submit participant data.

While participation has been at or above target for many projects, the achievement of outcomes is some way behind profile, although some projects are yet to submit data. In many cases the issues delaying the start of delivery have also influenced the achievement of outcomes, and while most projects were confident they would achieve their (sometimes re-profiled) forecasts this should be monitored closely in the second half of the programme.

There is evidence to suggest that many projects are effectively complementing mainstream provision. Some projects are starting to help raise the capacity of other services and influence mainstream provision to be more responsive to the needs of certain young people who have previously been overlooked (e.g. Youth Offending Teams, Regional SEN, Pre-VENT KS3 in relation to basic skills). Elsewhere the projects have increased the capacity of existing services which had insufficient resources to deal with growing levels of need (e.g. MELAP). Some projects show evidence of generating longer-term impacts on partnership development within localities (e.g. BTFT), between services (e.g. Potensial) or between different localities (e.g. ENGAGE).
Some projects are very distinct from mainstream services (e.g. Technocamps); while others are closer, and allow mainstream provision to cover a larger number of young people than it could have done otherwise (e.g. Pathways to Apprenticeships). Even in the latter case, however, we have heard early evidence of effects on employers’ behaviour in the Convergence area (i.e. offering more apprenticeships for young people).

Project management capabilities have varied across different project sponsors. In some cases, project sponsors were clearly adding value to delivery partners’ efforts, facilitating learning, ensuring a good fit between activities, and giving adequate challenge to partners on the cross-cutting themes. In general, projects that have been well managed have performed successfully according to a range of indicators. Other project sponsors were more reactive and lacked the ability to manage more complex activities effectively (e.g. procurement), and among the largest projects, some delivery partners felt there had been missed opportunities to share and learn from each other within a wider project framework. SETs were thought to make an important contribution to the management of the Priority.

Evaluation and good quality performance monitoring within projects is essential to successful implementation and project sponsors’ own ability to improve their performance by understanding where delivery has been effective or not. Not all project sponsors had clear understanding of how evaluations could assist them in improving their delivery, or the benefits of the accurate and timely monitoring of their own performance.

Building on previous experience of project delivery has helped certain projects to progress faster than others (e.g. STEM Cymru) or enabled ideas that were seen as innovative to be tested on a larger scale (e.g. PUPIL, Llwyddo’n Lleol).

The overall approach of commissioning and working with more ‘strategic’, larger projects, within a portfolio of projects of different sizes, was mostly judged by stakeholders and project sponsors to have been worthwhile and
necessary; and understood as an investment in future partnerships. There has been a great deal of learning for WEFO and for projects about the various aspects of managing implementation in this way, not least because many project sponsors working with younger age groups were new to ESF delivery, which should stand future programmes and projects’ consortia in good stead. Involving local authorities in the delivery of Priority 1 was generally thought to be beneficial to ensuring that projects were locally appropriate.

However, there may be barriers to the effective dissemination of guidance from WEFO to different levels of the project delivery chain. In spite of guidance being produced (e.g. on procurement in Structural Funds) awareness of it was low. The exception appears to be where guidance was closely tailored to Priority-specific examples (e.g. cross-cutting themes).

Although project sponsors appreciated opportunities to meet regularly, it appeared that the most successful projects made decisions about disseminating good practice on their own initiative (e.g. ENGAGE, Building The Future Together). A more effective, structured approach to sharing learning would be beneficial at the Priority level.

The demand for projects’ activities, amongst young people, schools, and colleges, is demonstrating that many projects are filling gaps in services. Although some project sponsors felt that they were ‘following the funding’, more thought that they were able to develop or fund innovative approaches that could not have been funded from any other source. Some services were finding that their activities were revealing greater needs to be addressed – the clearest example across many projects was the need among young people for support with mental health issues, social and emotional wellbeing and self-esteem that were affecting their achievement in school (this was a finding of ENGAGE).

Projects also showed that there are many young people who are not yet disengaged, or whose needs are not so great as to be labelled ‘special needs’, but who lack the personalised support and guidance across varied
aspects of their lives that they need in order to achieve their full potential. Moreover, Priority 1 is testing whether investment in earlier intervention and more responsive curricula can bring about dividends for these young people’s achievement, learning and wider wellbeing, although it is too early to determine their long-term impact.

The most effective practice in engaging and delivering to young people was flexible, holistic and in many cases, involved the use of keyworking or mentoring to bring together different services and offer specialist advice and support. From the evidence to date, project-based work and related non-formal learning helps to inspire underachieving young people, allows them to learn from their own experiences and to try different activities without sanction. Although much of this provision might have been promoted to the young people as being ‘vocational’ in nature, the most effective examples helped young people to also develop the wider skills (such as building trusted relationships with adults and peers, and using their own initiative) of value in future employment or learning. Accrediting this provision is also valuable.

The implementation of cross-cutting themes into Priority 1 was generally thought to have been effective, particularly in relation to equal opportunities. There were examples of outstanding practice, but this was not consistent across all projects. While projects made links with initiatives such as Eco-schools, some activity appeared to have happened by chance rather than design (for example, introducing young people to ‘green’ jobs in the course of advice). Likewise, female and BME participation has been high in Priority 1, but without better monitoring information (e.g. on carers), we do not yet know whether the provision is truly gender-appropriate or tailored to different equalities groups so as to be effective. In relation to sustainability in particular, much remains to be done before it can be said that it has been mainstreamed into ESF delivery.

Across the Priority, the recording of consistent and timely monitoring information is a challenge. In spite of published guidance, there are still significant gaps (e.g. in knowing more about the duration of interventions, or
number of early leavers) and many projects appear to have different interpretations of particular indicators. Perhaps more importantly, projects were concerned that monitoring indicators did not sufficiently allow them to show evidence of impact across the breadth of project activities; for example, a young person may experience several positive outcomes along their journey with a project.

Finally, project sponsors and delivery partners are concerned about what can be mainstreamed in the current financial climate, and it will be important for projects and WEFO to focus on legacy planning, and disseminating policy-relevant messages.

**Increasing Employment**

The significant changes in the economic and labour market context have meant that the Programmes are being delivered in an unprecedented context. Moreover, prominent UK policy changes in the form of the new Work Programme and the subsequent changes to how employment programmes are delivered have meant that WEFO has experienced a number of challenges in implementing the Increasing Employment thematic area of the Programmes.

Overall, sampled projects had a good “fit” in terms of the project business plans and the Operational Programmes and the Strategic Framework. For instance, projects were focusing on specific types of inactive or unemployed people. Projects had a strong focus on community outreach / engagement activities, personal mentoring and employer engagement which are indicative of the Strategic Framework’s target activities. A prominent reason proposed for this fit was the high degree of engagement of project sponsors in the development and shaping of the Strategic Framework at the outset and also the drafting of the Priorities within the Operational Programmes themselves.

The fact that continuation projects from the 2000-06 Programmes had the opportunity to shape the Strategic Framework reflects learning from experience and demonstrates WEFO’s efforts to build a portfolio of strategic
projects consisting of large, small and niche projects. However, less positively, some were of the opinion during the fieldwork that the fact that the Strategic Framework was made up of some features of pre-existing projects meant that lots of projects were similar and tried to encompass all aspects of the framework, creating a risk of duplication.

The recession boosted the number of outputs, mainly at the end closest to the job market, which means that some of the projects (e.g. ReAct) had to find solutions to cover more people with limited funds available. The introduction of the Work Programme made accessing eligible participants much more difficult, although re-focused the Theme’s projects on economically inactive people, which was viewed as a positive move by most of the consultees.

The fieldwork demonstrated that all priority intervention areas in the Strategic Framework were covered to varying degrees. One particular gap identified in the Programme was the broad intervention area, “Overcoming transport barriers” as none of the sampled projects devoted any significant resources to it. The findings from the 2009 ESF Leavers Survey indicate that transport difficulties / barriers associated with accessing appropriate work were prominent for ESF participants prior to the ESF intervention and at both waves one and two of the survey. For instance, lack of, or poor, transport was seen as a barrier by around 49 per cent of those participants who remained unemployed at the time of the second survey. Indeed, one of the recommendations from the report of the 2009 ESF Leavers Survey was that ‘WEFO should highlight more widely within the Welsh Government the view of unemployed participants that transport represents a very significant barrier to entering employment’.

Furthermore, whilst none of the sampled projects were exclusively focused on the final intervention area “Challenging traditional employment roles for both men and women”, suggesting that this is an area lacking in project coverage a large number of them said that, as part of their commitment to Equal Opportunities, they did attempt to combat gender stereotyping in terms of work options. The 2009 ESF Leavers Survey suggests the existence of
gender segregation in terms of occupation roles for Priority 2 participants reflecting segregation of occupational roles observed generally in the labour market.

None of the sampled projects were specifically focused on older workers. The 2009 and 2010 ESF Leavers Surveys find that ESF respondents are on average younger than the wider working age population and the Leavers Survey reports recommend that there is a continuing need for careful monitoring to ensure that these interventions are being targeted at those who face the greatest difficulties in the labour market.

It was discovered during fieldwork that there appeared to be a lack of project activity under the intervention area, "Caring Responsibilities". There was evidence of one project addressing childcare issues but, on the whole, there was no significant project activity in this area. This finding is particularly relevant as the 2009 ESF Leavers Survey noted that in terms of reasons for non-employment given by participants who were inactive prior to the ESF intervention, 39 per cent cited having caring responsibilities and 23 per cent cited a lack of affordable childcare, indicating a need for this type of intervention. The results were echoed in the 2010 Leavers Survey, although not to such a great extent.

The Increasing Employment thematic area is particularly predisposed to overlapping interventions. The design of interventions responds to the multifaceted nature of the barriers faced by many of the target client group, especially those furthest away from the labour market, and makes allowance for individual participants to receive a range of interventions from different projects. Collaboration between projects has been varied. The lack of referrals or ‘handing on’ of participants has been attributed to the extent of overlap between projects. However, most projects were aware of the wide range of support available to unemployed and inactive individuals. Indeed, the evaluation found that significant efforts are being made to understand and articulate the relationships between different projects.
The fieldwork highlighted that projects had different understandings of whether they could share job outcomes and this was linked to early suspicion surrounding joint working. Unfortunately a misunderstanding had then arisen in some quarters that two projects could both report a job outcome for the same individual. WEFO subsequently issued clarification to all projects that only one project can report the job outcome, whilst other projects which have helped the same individual on their route way can report other outcomes (such as qualifications or other positive outcomes) where appropriate.

UK Government programmes for supporting people into employment have been significantly re-focused and extended since the agreement of the ESF Programmes in 2007, both of which were originally designed to add value to the then mainstream programmes such as the Flexi New Deal. The new Work Programme, introduced across the UK from the summer of 2011 onwards delivers more intensive focused support to help Jobseekers Allowance (JSA) claimants and Employment Support Allowance (ESA) claimants move into sustainable employment. It complements and extends other existing Jobcentre Plus support, including the Get Britain Working measures. The Work Programme provides a flexible, tailored delivery model for participants, targeting identified needs through interventions of up to two years duration. The Work Programme providers are funded under the ‘payments by results’ approach with the majority of funding attached to sustainable job outcomes for participants. In Wales two ‘Prime’ providers have been appointed – Working Links and Rehab Job fit. It is important that ESF does not duplicate or substitute core activities / provision. Consequently, ESF supported employment projects will only be able to work with individuals who are not on the Work Programme.

During the fieldwork, the Strategic Framework was criticised for not succeeding in eliminating or substantially reducing duplication as it had been used as a tool to assess project’s fit with the Framework, not with each other. The concerns surrounding duplication were echoed elsewhere. In particular, co-ordination between different interventions seeking to place job-seekers
with employers was generally lacking and different organisations were trying to place inactive or unemployed participants with the same employers.

**Increasing Skills**

Strong performance on headline participant indicators is largely driven by over commitment of outputs across approved projects. More mixed performance against other indicators has a number of causes including delays to project commencement post approval, over ambitious delivery profiles, issues relating to indicator definition and possible under reporting in some instances.

Beneath the headline level data are more limited. However, when considering the participant mix there is some evidence that mainstream projects, without a focus on a particular target group, are fairly passive in their approach to engaging with target groups. This is reflected in the very low proportion of disabled and older participants to date, groups for which no dedicated projects have been commissioned. When considering activity across skill levels there is some evidence of imbalance relative to the OP targets. In part this reflects the success of the Modern Apprenticeship projects and substantial delays related to the implementation of the Essential Skills in the Workplace project, which is profiled to make a substantial contribution to OP targets for basic skills. Notwithstanding, there is evidence of under-commitment of basic skills activity relative to OP aims which is only exacerbated by delivery challenges.

There is positive evidence in respect of collaboration within and between projects, in large part driven by the desire to approve fewer, larger projects in this programming period. This has been cited as a key positive impact of the Programme, driving forward collaboration which whilst desirable, would not have happened so quickly in the absence of the Programme. There is also evidence of social partner engagement with projects which closely relates to the collaboration which has taken place.

There is evidence of innovation within projects. In some cases this is manifest in the form of incremental change, in others there are whole new approaches to delivery being tested and in some cases mainstreamed. This innovation
has also supported the aim of supporting demand led provision. However, there is little transnational activity, or use of cross fund flexibility tools within the thematic area.

The evidence points to projects delivering added value in a number of ways. In some cases through adding scale to existing activity, others broadening scope and others through the creation of innovative new approaches.

Overall approved activity is contributing to and consistent with the European Employment Strategy, but there are some areas where this contribution could be strengthened. In particular these relate to supporting older workers, ensuring the delivery of basic skills activities and strengthening the activity around female participation and progression in projects outside Convergence ESF Priority 3 Theme 3.

**Modernising Public Services**

There is generally good coverage against the majority of objectives outlined for Convergence ESF Priority 4. The focus of Theme 1 in terms of implementing change in public services design and delivery through collaboration is covered by activities that seek to improve local service delivery via joint working. The aim of establishing regional approaches to shared service delivery is addressed generically within several projects, but only specifically within one regional project. Improving accessibility to services is covered indirectly within elements of some projects though some suggested indicative actions such as shared web based resources have not been specifically identified as yet.

In terms of the objectives of Theme 2 that seeks to develop the skills and capacity of the public service workforce, developing learning interventions and networks is covered by several projects. Building the capacity of social partners is addressed generally in several projects but also more specifically within one project. The one area that does not appear covered is the aim of identifying innovative approaches to strengthening leadership and management practices within a transnational context.
Whilst the Priority has been split into two themes, there is some interconnectedness between the indicative activities outlined in each and the majority of projects approved incorporate elements from both areas. This is considered to be positive in terms of the integrated nature of activity. For example, collaborative working is embedded within the objectives of all projects – whether they are within Theme 1 (with its focus on collaboration) or within Theme 2 where collaborative approaches to the delivery of skills development and learning activities are being implemented.

Based on the original Priority budget, at end December 2012 the allocation of EU funds committed to projects was 93%. Overall spend is behind profile, with two of the five projects having spent less than 30% of their profiled budget (as at end December 2012). This is an area that will need to be closely monitored. In terms of outputs and results, based on evidence available, three outputs and two results seem likely to be achieved within the current timescale and there is uncertainty about one output and three results. Reflecting the data analysis coupled with perspectives gleaned through stakeholder and project level consultations overall progress in terms of this Priority is slow. In addition to the effects of delays at early stages of implementation and the influence of changing economic conditions and policies, there would appear to be another dimension particularly relevant to this Priority – the fact that this kind of activity is new in terms of European Structural Funds activities in Wales.

There was no previous experience of developing and delivering projects of this kind. As a result, there was a need initially to raise awareness and interest amongst potential project sponsors. As possible projects were being developed, the lack of experience of issues related to EU funded activities contributed to longer timescales to secure initial progress. In turn, there were changes in the personnel involved in the development of projects and also in their initial implementation, resulting in additional delays.

Some effects of policy developments were noted on the rate of delivery to date, but more significant were the indirect results of changing economic
conditions. The effects of public sector funding reductions on potential personnel that could be involved in projects directly influenced the likelihood of achieving outputs and results within original project timescales.

Based on consultations with project sponsors there would now appear to be a momentum to the projects that have been established but reflecting initial delays experienced by all it would seem prudent to consider how to ensure that these projects now have sufficient timescales in which to maximise the potential delivery of outputs and results.

Collaboration and innovation is at the core of projects within this theme that is itself focused on facilitating new approaches and actions. This includes a capacity to test new activities and also to build innovative frameworks for bringing together partners and areas of activity not traditionally integrated.

All projects are able to evidence a degree of added value, at the very least demonstrating increased volume as a result of EU funding. There are also examples of projects illustrating added value in terms of scope (e.g. as additional types of organisations are involved in ways that would not be possible otherwise) and role (e.g. as projects align with specific policy priorities and thereby establish the basis for mainstreaming functions in the future).

With a key focus on developing new or alternative approaches to delivering public services it is anticipated that a key outcome of activity will be associated with improved customer services and accessibility of services. However, at this stage in delivery there is insufficient evidence to confirm that this is the case. This activity, as with efficiency savings, whilst being key objectives for the priority, currently have no standard reporting mechanisms to demonstrate progress. It is anticipated that this will be considered as part of individual project evaluations to assess steps being taken towards achieving these broader outcomes and the benefits being more widely identified and acknowledged within the context of this Theme.
Collaboration is similarly fully embedded into the objectives of all projects, although the extent to which such collaboration results in improved responsiveness to the communities served will not be fully identifiable until later in delivery. It is also too early to evidence any likely significant change as a direct result of project achievements. However, considering planned activities, the portfolio of approved projects all have a clear focus on seeking to instigate a positive change with a view to creating long standing service improvements.

Links with social partners, generally, appear to be indirect (i.e. through partners) but the need to involve social partners within the delivery of practical elements of various initiatives was identified and specific resources have also been allocated to secure third sector involvement.

**R&D**

The Programmes and targets were drawn up during a time of economic buoyancy and external influences have had an effect on the delivery of the R&D thematic area to date. The high level ‘tracking indicators’ and targets outlined in the Operational Programmes were predicated on a continuation of the favourable economic conditions of the time. The economic landscape in existence today is very different, with both positive and negative consequences for the Convergence and Competitiveness Programmes.

Since the publication of the OPs, there have been a number of reviews, strategies and policies that have all had an impact to a greater or lesser extent on the delivery of projects within the R&D thematic area. There have been positive and negative consequences for individual projects, with some projects seeing increased activity as a result of the new policies, some being withdrawn, and still others needing substantial redesigns that have incurred delays to delivery.

The mapping exercise undertaken as part of this evaluation shows that, broadly speaking, the mix of projects for R&D is consistent with the Convergence OP and Innovation, R&D and Technology Strategic Framework.
Projects around business support and HE/business collaboration effectively address the OP and Strategic Framework objectives. Gaps in R&D provision relate to promoting Welsh R&D abroad, as well as some specific technology-based gaps such as around waste. The evidence around ICT shows that coverage is excellent for the Community Exploitation objective from the OP and ICT Strategic Framework. There is good coverage of five of the seven Business Exploitation objectives, with gaps seen in the support for ground-breaking ICT business development and environmental/resource efficiency. Under ICT infrastructure, there have been few projects supported to date, with resultant gaps in coverage around Next Generation Broadband (although a project is in the pipeline) and mobile telecommunications infrastructure.6

At the time of the evaluation, the three supported projects under the Competitiveness Programme are in the field of loan and equity funding, business innovation support and e-business and ICT support. This leaves many gaps in provision of projects to meet the aspirations of the OP. For example, there is a lack of ICT projects compared to the Strategic Framework, nothing on support for HE/FE, innovation training and FP7 support for businesses.

Many indicators are on course to achieve or exceed OP targets. For some indicators, even where there is slippage within both project profiles and forecasts, the combined project forecasts far exceed the OP targets. However, there is likelihood that some targets will not be achieved by the end of the Programming period.

There are many factors affecting the ability of projects to deliver their targets in full, including delays in project development and approval, unforeseen issues with the procurement process, HR and recruitment delays, policy changes and the impact of the recession.

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6 The Next Generation Broadband project has since been approved.
Whilst there are some good examples of project integration and collaboration, four university sponsored projects felt that the lack of overlap and therefore commonality between projects was to the detriment of collaboration between projects. On the other hand, there is some evidence of transnational activity occurring for many projects, with other projects confident this was something that could be achieved downstream.

There was no evidence that the cross-fund flexibility tool was being used by any interviewed project, although three projects that weren't interviewed have included cross-fund flexibility targets as part of their output profiles. Similarly, little evidence of Innovative Actions as defined by the EU regulatory requirements was seen. However, innovative actions were being carried out by some projects as a side-shoot to mainstream ERDF projects.

There is comprehensive evidence to suggest that many projects are providing added value in terms of volume, scope, process and role, and that progress in addressing the barriers to business investment in R&D has been excellent for business only, single partner projects. Collaboration between the private sector and HE is good, with the collaborative R&D target on course to be exceeded. Between HE institutes, collaboration has tended to be between those universities that have a history of collaborating together. The move from a grant to a repayable loan and investment culture has been difficult for those SMEs that access business support projects that have traditionally given grants, yet other projects such as JEREMIE have seen an increase in enquiries after the policy shift away from grant giving.

Compared to the 2000-2006 Programmes, the use of Strategic Frameworks would, in theory, suggest more of a focus on stimulating innovation as a key economic driver. However, in practice, there is little evidence to suggest more of a focus on innovation. The reported level of administration involved with the new Programmes, as well as the focus on more strategic projects, has been felt to stifle innovation.
The Priorities have helped individuals, communities and businesses to access ICT but there is no evidence that this has helped deliver the ICT aspects of the RDP.

There is no evidence that there has been support to access FP7 funds, although this is something that many projects were considering downstream of the ERDF project.

**Enterprise Support**
Enterprise activities were designed in a period when the primary emphasis was on economic growth. Strategic objectives, output and result targets, as well as the range of projects commissioned, were planned to support business growth. However, as economic conditions changed the focus moved away from growth. The impact of this change is felt throughout the Enterprise Support thematic area with positive as well as negative consequences.

There is significant activity coverage of most of the Priorities’ objectives with the larger projects addressing several of these. With the ending of the Business Growth projects in both Programmes, the objective related to supporting the growth of existing businesses is not now as comprehensively addressed and the focus on growth within selected sectors is also more limited in scope. However, significant national resources through the Welsh Government’s sector team in response to Economic Renewal are addressing these key areas. There is clear integration of activities within the range of Welsh Government managed projects, with some evidence of significant added value. The scope for initiating smaller innovative projects (with some exceptions) does not, however, appear to have been explored fully. There is currently no mechanism to stimulate such developments. The impacts of policy changes have been significant with several projects having been closed, resulting in direct effects on spend and achievement of outputs and results. Additional policy adjustments may have further consequences. They may also, of course, present opportunities to expand the range of activities of existing projects or to commission new activities.
Spend is progressing well but it should be noted that spend figures incorporate JEREMIE which drew down all its budget on approval and because of this spend may currently appear higher than that directly committed to creating outputs.

Generally, projects are confident about spend, but two projects interviewed are currently significantly behind profile (for different reasons beyond their control) and therefore carry some risk of further de-commitments in the future, though this is not currently planned.

In terms of outputs and results, generally there seems to be significant over-commitment cumulatively across projects against many of the OP Priority targets for both Programmes. When reviewing performance of outputs achieved against both profiled activity and total project commitments, there is mixed and, in some instances, poor performance (albeit that for some indictors there are explanations for this and activities to rectify/report on additional outcomes are currently in train). However, if considering current achievements against the OP Priority level targets, performance as a whole is positive, reflecting the significant over-commitment against a number of targets.

There are, however, three indicators with under-commitments in the Competitiveness Programme and for both Programmes there is one notable exception to the generally positive picture with regards both commitments and performance. Profit benefit has not being included by the majority of projects as a target and there is little or no progress being made toward this indicator. During project manager interviews, the key reason given for not including this indicator was around the challenge of capturing the required evidence for reporting.

The use of transnational and cross-fund flexibility tools have not been taken up by projects with consultation identifying a mix of a lack of awareness coupled with queries regarding the applicability of such activities to the types
of project activity being funded along with the additional resources that would be required.

Much of the activity funded under the Enterprise Support thematic area builds on previous experience and proven delivery models – some of which were certainly innovative in their time. The scope for real innovation therefore, is somewhat limited, but there is some evidence amongst the projects interviewed of innovative and creative approaches around the development and use of processes, services and approaches to delivery.

All project activities are able to evidence at least some degree of added value, at the very least demonstrating increased volume or scope as a result of EU funding. There are also some examples of projects displaying added value in terms of role (e.g. through embedding approaches to secure equality and diversity in meaningful ways in the delivery of services) and process (e.g. influencing the use of financial instruments across the UK).

The Priorities are helping to make the shift change in culture from grant to investment with the majority of resources allocated to debt and venture capital across both Programmes. Grant finance was not eligible under Competitiveness and the number of grant instruments and associated resources was further reduced post Economic Renewal in Convergence.

With regard to targeting start up support, there is evidence of meaningful approaches being taken to ensure full engagement in delivering support to all members of the community, including specific actions to pro-actively engage with under-represented groups and those that have been made redundant. The effectiveness of such engagement is tracked and monitored. In terms of focussing support at growth, this was incorporated into project plans, but the ability of projects to realise this within the economic climate was limited. New approaches to specifically target high-growth potential starts are currently being piloted. There is only very limited targeting of support at specific sectors.
Without the evidence from mid-term evaluations which include business surveys and direct responses from beneficiaries of the support received, it is difficult to fully assess the extent to which activity has been sufficiently focused to meet needs and demands. Where information did exist, there was evidence of support being appropriately needs-focused.

**Strategic Infrastructure**

The effects of the slow recovery from a very deep recession need to be taken into account in assessing the progress achieved to date in this thematic area. This particularly adversely affected those Strategic Infrastructure projects supporting speculative developments because lack of finance for such investments meant that they had to be redesigned to focus on ‘pre-let’ developments.

In the Sustainable Transport component of the Strategic Infrastructure thematic area there has been more emphasis on road improvement projects than might have been expected from the objectives, priorities and indicative budget allocations set out in the Sustainable Transport Framework. This attached as much if not more priority to improving the capacity of the rail network, developing and improving bus services and enhancing inter-modal interchanges. So, whilst the road improvement projects appear to have made good progress and there are projects in the portfolio directed at these other objectives, the overall mix does not seem likely to reduce car usage, increase public transport usage and reduce road haulage to the extent anticipated in the Strategic Framework. However, good progress is being made against some of the public transport indicators.

In the remainder of the Strategic Infrastructure thematic area the portfolio of approved projects is aligned with the OP objectives and targets. However, some key projects are still in their early stages, so it is premature to be definitive about the extent to which the overall portfolio of supported projects will eventually meet the strategic objectives and targets in this thematic area.
The portfolio does not seem likely to contribute to some of its targets (SMEs accommodated, investment induced and gross jobs created) to the extent that might have been expected from the nature of the projects. This may be because of an under-recording of these indicators even in circumstances where they are likely to be generated (e.g. where high volumes of jobs accommodated are expected). Other reasons included delays in implementation.

The evidence from the case study projects and a much more limited review of the other projects within the strategic infrastructure theme is that there was not much by way of integration and collaboration across the projects within the thematic area, transnational activities or use of cross-fund flexibility (although the latter was not anticipated in the OPs to be a feature of this thematic area). There are examples of innovative activity amongst the projects – with respect to the novel funding vehicles that are being put in place, the station improvement programme and some of the smaller projects (notably BWCABUS). Some projects are also adding value by broadening the scope of services and offering services that are proving of interest more widely in Wales and the rest of the European Union.

All projects are adding value in the sense of providing for higher volumes of activity and/or at an earlier date than would otherwise be the case. Moreover, some projects could be expected to generate wider indirect benefits not captured in the monitoring returns. This might be through out-sourcing or through increased demand for the output from local suppliers, local community development, clustering effects and improved access to ports and other transport modes.

**Climate Change**

There are a broad range of activities within the thematic area, and these lead to a very broad range of output targets and project types.
The European and national policy context around the Climate Change thematic area is rapidly changing, and has changed since the publication of the OPs and the approval of some of the project activity within this thematic area. Therefore, some changes have been made to projects to react to the changing environment, and to ensure that activity supported by Structural Funds can be delivered and is not duplicating activity funded from other sources. These changes at project level have led to delays in the delivery of these projects, and in at least one case the de-commissioning of project outputs.

Although there are no major strategic gaps in the projects’ coverage of the OP aims and objectives, there are a number of areas of proposed activity in the OPs and Strategic Frameworks that are not being addressed as projects have not come forward. Depending on the seriousness of these identified omissions, it may be necessary to commission additional activity in the latter part of the programme period, or consider these areas in future programmes.

The total EU funding allocation for the two Priorities under the Climate Change thematic area is £198.7 million. Current commitment of EU funds in the Climate Change thematic area is 91% of the total allocation for the programme period. This is slightly behind the total for the four Structural Funds programmes, so does not suggest any major concerns. Seventy six per cent of allocated funds have been spent which shows some concern about the ability to spend the allocation. Spend in the two Priorities under the Climate Change thematic area is somewhat further behind the average for the four programmes, which suggests perhaps more cause for concern. The annual rate of spend of EU funds will need to increase dramatically to ensure that all EU funds are spent during the period to the end of 2015 – but this is the case across all four Structural Funds programmes.

Progress against targets is somewhat weaker than progress against financial targets. However, in Priorities where capital projects are more prevalent, indicator progress would not be expected to be as advanced as spending. However, it would appear that many of the indicators are unlikely to be met.
There is some slippage against forecast to date. Consultations with projects have identified that the procurement approach and the implementation of procurement have led to delays in project delivery. External changes in the policy and funding regime around renewable energy have also led to project revisions and impacted on the delivery of several of the case study projects (particularly the Ynni’r Fro project).

There is good evidence of projects working together, particularly projects in the Environment for Growth (E4G) area where a steering group has been established to ensure effective communication between the projects.

There has been very little scope within the range of activity covered by these projects to undertake transnational activity as much of the activity is place-based and so tied to a particular local area. None of the case study projects consulted had undertaken any transnational activity.

Total cross-fund flexibility of just under £1 million has been identified. This currently accounts for less than half of one percent of total spend on this thematic area, so is not significant. Three-quarters of the identified cross fund flexibility is being used in the Valleys Regional Park project. This has been very successful, and Visit Wales is rolling out some aspects of this model in other areas. Several case study projects include some activity which could be considered for cross fund flexibility.

Much of the activity that is supported is innovative. The Deltastream projects are a prototyping and demonstrator project for the generation of tidal energy in Pembrokeshire, so are highly innovative. The Wood Energy Business Scheme projects and the Anaerobic Digestion project are enabling the development of new forms of energy generation and dealing with waste, which is innovative. Innovation has also been recognised in the way that things are done as well as in a technological sense. For example the Ynni’r Fro projects have focused on supporting communities to develop social enterprises to deliver local scale renewable energy infrastructure – which is an innovative and new way of delivering energy generation infrastructure.
All of the case study projects are adding value to national policies. Some projects are delivering activity more quickly than would otherwise have been the case, thus generating additional benefit (e.g. Coastal Access). Some projects are delivering much greater scale of activity than would otherwise have been the case (e.g. the Flood and Coastal Risk Management projects, the Ynni’r Fro projects and Arbed). Some projects are encouraging the development of new markets and supply chains which would not otherwise be supported (e.g. the Wood Energy Business Scheme, the Anaerobic Digestion project, and the Deltastream). Valleys Regional Park is encouraging tourism and leisure activity in the Valleys.

A review of the balance between energy generation and conservation shows that there is a greater focus of project activity on delivering energy generation.

A review of the focus on the reduction, reuse and recycling of waste shows that the few projects that deal with this area are not yet well developed. Their forecast does not meet Priority targets, but it may be possible to improve this.

In terms of enhancing the tourism potential of the local economy, project activity is expected to attract a large amount of visitors to the local economy.

**Regeneration**

By and large there is good coverage across the whole range of areas of activity reflecting the priorities of the OP and Strategic Frameworks. The nature of that coverage varies, naturally, because of the differing nature of physical regeneration and community economic development requirements.

Physical regeneration projects are located in specific geographic areas – reflecting the areas noted in the Convergence and Competitiveness OPs and in the five spatial Strategic Frameworks. Most areas to be targeted appear to be included within the projects approved.

Amongst the community economic development projects, there is a mix of Convergence wide and regional based projects along with one individual
county based project. Social and community enterprise support projects, in total, cover all the Convergence area. Apart from the financial inclusion (Credit Union) activity, the community economic development projects are primarily focused on developing the third sector i.e. community and social enterprises, with support available for all stages of development. The one aspect that appears therefore explicitly less well covered is the direct involvement of communities in accessing and improving services. However, project consultation indicates that several of the projects have undertaken active support of enterprises that focus on this kind of activity.

Overall levels of spend are behind profile and in order to meet full commitments made against projects there needs to be a significant up-turn in spend levels for the remainder of both Programmes. Having said that, a significant proportion of the budget is being invested in physical development projects, many of which have either recently, or are about to, incur major expenditure. Project level consultations did not raise any major concerns about the ability to spend, especially within the physical regeneration area.

For the most part both outputs and results are being secured appropriately, reflecting the current and predicted progress of projects. There are positive levels of commitments against most indicators and, whilst progress has been slow for some, the majority of indicators are expected to achieve or exceed the OP Priority level targets.

There are, however, some notable exceptions to this. The Convergence ERDF Priority 5 gross jobs created target is significantly under-committed, reflecting a particularly high figure in the OP especially as compared with the equivalent target in Competitiveness. Within Convergence, the people accessing services target is also under committed, reflecting as noted above, the lack of direct explicit engagement in this activity.

Overall, good progress is being made within the Regeneration thematic area. Some delays during early stage implementation were experienced and many projects appear to have found activity and spend profiling for these early
stages challenging. However, most projects reported satisfactory progress at this stage with the vast majority anticipating successful delivery within project timeframes.

Collaboration is taking place, albeit in different ways, across the Regeneration thematic area. For physical regeneration, naturally the opportunities are more limited but approaches taken to strategic planning, development and integration are evident ranging from in one region a single bid covering all regeneration activity in that area to the use of a strategic partnership approach to prioritise activity in another. This strategic partnership approach has also been employed at a delivery level to exchange experience and ideas during implementation.

For community economic development projects, there is some evidence of agreed working practices, protocols and referral mechanisms having been established between projects. Activities such as a workshop held for all projects in this area to exchange information, has assisted in increasing awareness and potential links. There are also some links with projects in other Priorities.

Transnational funding has not been taken up by any of the projects approved under this thematic area. The scope for real innovation is naturally limited within more traditional ‘town centre renewal’ public realm and property development grant activity. However, there are some examples of creative approaches to regeneration through the use of sectoral approaches. Community economic development activity has also demonstrated some innovative dimensions with for example one project incorporating a resource facility to fund new pilot approaches to delivering services.

Whilst some steps have been taken to secure integration between physical and community regeneration, there is currently insufficient evidence to conclude that such integration is taking place.
Targeting of resources in the most deprived communities was to a large extent defined through the pre-selection of deprived wards for inclusion and triggered via the Spatial Strategic Frameworks for physical regeneration. At a generic level, the geographic targeting of resources is clear. This is less evident for community economic development activity.

A positive level of engagement amongst third sector organisations has been secured – either as direct deliverers/partners in projects or indeed as recipients of support.

### 6.2. Recommendations

Tables 9-12 summarise the recommendations from each individual thematic evaluation report. Table 9-11 covers recommendations that are generic across the Programmes with Table 9 covering recommendations that apply to the 2007-2013 period, Table 10 both 2007-2013 and 2014-2020 periods and Table 11 the 2014-2020 period only. Table 12 covers a small number of recommendations that are specific to particular thematic areas. All recommendations in Table 12 apply to both programming periods.

**Table 9 – General recommendations – 2007-2013 Programming Period**

<table>
<thead>
<tr>
<th>Recommendation</th>
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<tr>
<td>Closely monitor and take steps to accelerate the progress of existing projects, considering the possibility of extensions to project delivery timescales, or even decommitment where appropriate</td>
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<td>Refocus approved projects to fill gaps in programmes and to achieve targets</td>
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<td>Consider whether ongoing policy reviews are likely to offer opportunities to fund the development of small scale innovative or pilot projects</td>
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**Table 10 – General Recommendations – 2007-2013 and 2014-2020 Programming Period**
Recommendation

Facilitate more project collaboration e.g. via experience exchange / lessons learned workshops, especially to encourage projects to refer participants to other projects when ready. Consider role of Specialist European Teams in this. Also consider whether a slight overlap at the margins of project activities could be allowed to give the commonality to enable collaboration to occur.

Encourage more proactive engagement of target groups amongst mainstream projects, for example, through encouraging projects to contribute to female progression in employment through skills development.

Consider how benefits of projects could be captured, even in a qualitative format, beyond what can be measured in the current indicator system.

Learning from the experience of the Cross Cutting Themes, consider producing and actively disseminating Priority-specific guidance, around topics such as procurement, eligibility, match and in-kind funding, and evaluation. Such guidance should be illustrated by ‘real world’ examples that are relevant to the kinds of activity that could be funded by the Priorities.

Projects should focus on what they do best and not try and address all the needs of participants / businesses within a single project if another project is best placed to meet particular needs.

Improve monitoring below the headline indicator level, particularly in relation to participant target groups and levels of qualifications participants are working towards.

Table 11 – General Recommendations – 2014-2020 Programming Period

Recommendation

Consult on implementation arrangements with potential project sponsors so that potential project needs can be addressed in guidance for projects.

Consult with young people and frontline practitioners on the new
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<tr>
<td>Ensure any potentially significant changes within new EU programmes are identified in advance to ensure any new processes are fit for purpose from the outset of the programmes and provide additional support for the development and implementation of new areas of programme activity</td>
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<td>Ensure WEFO guidance and advice is clear and consistent across all projects, including in relation to indicators and definitions. Such guidance should also be available early in the programming period</td>
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<td>Review ways of keeping administrative requirements to the minimum necessary to ensure the most effective use of programme resources</td>
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<tr>
<td>Ensure lessons learned in relation to procurement are taken forward in the implementation of the new programmes</td>
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<td>Allow flexibility in project business plans to enable projects to be responsive to changing market conditions</td>
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<tr>
<td>Work to achieve swift approval of projects in early stages of 2014-2020 programming period to avoid loss of knowledge and expertise from sponsor organisations</td>
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<tr>
<td>Consider the potential for vertical projects on specific issues to avoid important groups and programme aims being lost. This can include the Cross Cutting Themes and Transnational Activity</td>
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<tr>
<td>Encourage more realistic profiling by challenging project forecasts at approval stage. In particular, ensure that timescales involved in procurement and recruitment are accurately built into the profiling of project activity</td>
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<td>Develop practical approaches to minimise the early stage delays in project implementation, particularly around having a project delivery team in place</td>
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<td>Undertake more strategic engagement with key partners, to share information on participants and businesses, to reduce the monitoring burden on projects and to arrange for accreditation of projects’ training provision.</td>
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<td>Communicate the importance of monitoring and evaluation to projects, not</td>
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only to meet WEFO’s requirements but as part of good project management

Encourage projects to start project evaluation as soon as possible, and consider this in their delivery models from the outset

Conduct baseline studies to avoid any potential duplication and ensure a better fit with mainstream provision at local level, including referral pathways

Improve post-approval support, particularly for non Welsh Government project sponsors and on issues that are new to the funding round (such as procurement in the current programmes)

Table 12 – Thematic Area-Specific Recommendations

<table>
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<tr>
<th>Recommendation</th>
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<tr>
<td>Encourage projects to ensure that all young people have the opportunity to become involved in their delivery as appropriate</td>
<td>Young People</td>
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<td>Encourage projects to put in place completion and progression pathways for all young people leaving their projects, including appropriate aftercare and follow-up</td>
<td>Young People</td>
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<tr>
<td>Strengthen the focus on preventative work with young people and consider the possibility of working with a younger age range</td>
<td>Young People</td>
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<tr>
<td>Review extent to which project collaboration is being hindered by the fact that only one project can claim the employment outcome where a number of projects are involved in progressing the participant into employment</td>
<td>Increasing Employment</td>
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<tr>
<td>Consider recruiting technically knowledgeable staff alongside PDOs to assist in project development and approval</td>
<td>R&amp;D</td>
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<tr>
<td>Encourage further integration between physical and community regeneration, including better utilisation of the</td>
<td>Regeneration</td>
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</table>
practice that exists in Wales in terms of community engagement and involvement