

Response to the Report by the Enterprise and Business Committee on its inquiry into EU funding opportunities 2014 - 2020 (July 2014)

First Minister, Minister for Finance, Minister for Economy, Science and Transport and Minister for Education and Skills

September 2014

The Welsh Government is strongly committed to the European Union and believes that membership is essential to the future success of both Wales and the wider UK. We seek to maximise the benefits that accrue from EU membership for the people of Wales, including the trade and investment opportunities arising from the Single Market, the major EU funding programmes (the Structural Funds, the support under the Common Agricultural Policy and Horizon 2020) and also the many other sources of funding that can provide valuable support for Wales. We have made the case for appropriate levels of funding for Wales through avenues including intergovernmental relations and the Joint Ministerial Committee (Europe).

The European Union is an important investment partner for Wales. The funding programmes described in this document, alongside the Structural Funds, Horizon 2020 and the Common Agricultural Policy, combine with Welsh Government funds and other investment to multiply the impact on Wales' economy. EU funds currently bring well over half a billion pounds a year into the Welsh economy. They contribute to the EU's goals for growth and jobs, described in its Europe 2020 strategy, which complement those in our own *Programme for Government*.

We therefore welcome the Report by the Enterprise and Business Committee and we stimulate and support Welsh organisations in maximising their involvement in EU projects and forming collaborations with like-minded organisations across Europe. Our response to this report demonstrates a wide range of activities and positive outcomes in ensuring Welsh organisations and individuals benefit from the full range of EU funding.

Moreover the Welsh Government seeks not only to facilitate the participation of Welsh organisations in EU funding programmes but leads, or is a partner in, many projects. The Government was a national partner in *Equity Action*, the EU-funded *Joint Action on Health Inequalities* (2011-2014), a pan-European project that aimed to identify and share best practice. It has also participated in many EU youth and education projects (for example on linguistic diversity, mobility and credit and qualification frameworks) and in many territorial cooperation projects, such as the Renewable Energy Regions Network and digital networks for business.

In our draft Operational Programmes (2014-2020) for the European Regional Development Fund and the European Social Fund we have been clear that projects supported by other EU funding programmes such as Horizon 2020,

Erasmus+ or Connecting Europe should, where appropriate, complement and reinforce our Structural Funds investments.

The Welsh Government produces an annual Work Programme on EU-related issues. This is linked to the European Commission's annual Work Programme and the priorities of the rotating Presidency of the Council. We identify specific policy initiatives and legislative proposals on which we will focus for the year ahead. Each Work Programme is followed, at the end of the year, by an Annual Report on our activities and progress, to pinpoint decisive moments and to map progress.

Initiatives in the Work Programme for 2014-2015 include the following examples. Firstly a refreshed Territorial Co-operation Strategy for Wales to strengthen engagement across all the European Territorial Co-operation programmes.

Secondly, we are also working with the Irish and UK Governments to explore the potential investment opportunities presented by Connecting Europe Facility funding. Through the 2007-2013 programmes, we have committed £234m of EU support through the Structural Funds to road, rail and other public transport infrastructure projects, driving a total project investment of over £445m.

Thirdly, as a member of the Erasmus+ Board, the Welsh Government will continue to monitor data from the National Agency for Erasmus+, British Council in partnership with Ecorys UK (hereafter referred to as the National Agency) on Welsh participation in the Erasmus+ programme, including the youth sector.

Finally, we will work in the EU's Creative Europe Programme Committee to reassess the methods used to ensure a level playing field between high and low production capacity countries in the MEDIA Sub-programme with a view to ensuring that the sector in Wales is not disadvantaged.

We wish to maximise the opportunities available through all European funding streams, including the directly managed EU programmes to deliver transformative projects that will support our priorities of sustainable economic growth, jobs and include tackling poverty.

Responses to individual recommendations

Recommendation 1. Ensure that the new EU strategy sets clear objectives to maximise participation in all EU programmes available to Wales, including requirements on Welsh Government departments to champion engagement within their remit, and drawing on the considerable experience and expertise on EU policy and funding that exists in Wales and with Brussels-based representatives.

Response: Accept in principle

As indicated in the response to the Report on Wales' role in the EU decision-making process by the Constitutional and Legislative Affairs Committee, the production of a new Welsh Government EU Strategy will be linked to the political cycle in Wales, as the Welsh Government's current EU Strategy is linked to the term of this Welsh Government administration. One function of our EU Strategy is to set out how we will connect EU funding and policy to our aspirations for Wales.

It is, of course, necessary that the Welsh Government adapts its approach to take account of changed circumstances arising from the EU political cycle. The appropriate way to reflect this is through the forward-looking annual EU Work Programme we produce as a commitment in our EU Strategy along with an Annual Report on past activities. A fundamental aim of the Welsh Government is to maximise benefits to Wales arising from participation in EU programmes.

We acknowledge that there is a clear benefit from bringing together expertise and experience, both in Wales and with Brussels-based representatives. We collaborate and engage with a wide range of experts through, for example, membership of WEFO programme groups; working with business to seek out opportunities to invest and working with various EU policy teams.

We wish to maximise the opportunities available through all European funding streams, including the 'directly managed' EU programmes to deliver transformative projects that will support our priorities of sustainable economic growth, jobs and include tackling poverty.

Financial Implications: None. Any additional costs will be drawn from existing budgets and the work involves existing connections and networks.

Recommendations 2 and 3

Recommendation 2. Consider establishing an "EU Funding Champion" in Wales to provide leadership in driving forward the delivery and implementation of the new EU strategy and in providing a focal point for EU matters within Wales.

Recommendation 3. Establish a central contact point for organisations within Wales and for those outside Wales looking for Welsh partners.

Response: Accept in principle

The Government agrees with the Committee that there exists a considerable amount of expertise in Wales on the different funding programmes considered in the report.

The Minister for Finance, with responsibility for the Structural Funds, Territorial Co-operation and Horizon 2020 and a role in EU policy matters, along with Cabinet colleagues in their relevant portfolio areas, are strong and highly visible champions for European funding. We will carefully consider ways in which the Government's advocacy of wider areas of EU funding can be better publicised and co-ordinated with the experts on the ground in Wales, the Welsh European Funding Office and the organisations represented in Wales House Brussels (Welsh Government, the WLGA, Wales Higher Education Brussels and the National Assembly for Wales) and other bodies and stakeholders.

In addition, the Government will identify a central contact point and map the expertise that exists on the individual funding programmes considered in this report so as to draw up a list of experts who can assist with more detailed enquiries and partner search requests. While the central contact point can assist with straightforward queries or signposting, some organisations or individuals will clearly need more specialist advice.

Financial Implications: None. Any additional costs will be drawn from existing programme budgets.

Recommendation 4. Develop specialist, tailored support for the youth, education and transport sectors along the lines of the MEDIA Antenna model for the cultural sector.

Response: Accept in part

The specialist support for the education sector is provided by the National Agency for Erasmus+ and the challenge for the Welsh Government is to ensure that the Agency delivers for Wales. The Welsh Government is represented on the UK Board that oversees the Agency; the five sectoral advisory groups (for Higher Education, Vocational Education and Training, Schools, Adult Learning and Youth) that the National Agency has established for Erasmus+ and the Welsh Country Advisory Group. Therefore it will use all these fora to monitor the Agency's work and the programme uptake in Wales.

We are of course also working extremely closely with the Agency to promote the opportunities presented by Erasmus+ to individuals, institutions and other stakeholders in Wales. Related to our response to Recommendations 2 and 3, we are currently working together to assess what additional support can be

provided, either in terms of advice for applicants, promotional work, or in relation to our youth entrepreneurship activities. The British Council, for example, will hold workshops on “Internationalising Young People in the UK” in South and North Wales in the autumn.

We also believe that Connect Cymru, the information provider in Wales for the youth strand of the Erasmus+ programme, has a key role to play in terms of supporting the youth sector in Wales to maximise its involvement in Erasmus+.

However, for transport, it is not considered that this type of model is appropriate. Given the scale of projects and their more strategic, infrastructure focus, bidders are either government, other public bodies or major industries.

Financial Implications: None. Any additional costs will be drawn from existing programme budgets.

Recommendation 5. Cultivate partnerships between stakeholders across the higher and further education sectors, business and the third sector to share expertise, resources and good practice.

Response: Accept

The Welsh Government already engages with stakeholders through a variety of fora, including with higher and further education, business and the third sector.

For example, as set out in the response to Recommendation 4, the Welsh Government will engage with all the key stakeholders interested in Erasmus+ through the Wales Country Advisory Group. Moreover, as the committee heard, the Welsh Government’s Creative Europe Antenna has close and regular contact with Welsh companies to both raise awareness of the programme and help companies access the funding streams.

The Welsh European Funding Office has a Territorial Co-operation Unit which works with stakeholders to promote increased and more effective involvement in EU Territorial Cooperation programme. For the 2014-2020 funding round, structures are still being developed, but it is envisaged there will be a contact point in Wales as part of a UK wide network.

The Wales Forum on Europe brings together a wide range of stakeholders. In early 2015 the Government will organise a Forum specifically on the centrally managed EU Funding Programmes. This year’s autumn Forum on youth unemployment includes a project workshop.

Financial Implications: None. Any additional costs will be drawn from existing programme and running cost budgets.

Recommendation 6. Review the representation in Wales House in Brussels to address current gaps, notably how its services can be accessed by

businesses, further education, the third sector and the creative and cultural sectors.

Response: Accept in part

The Government supports the spirit of this recommendation.

The Welsh Government is committed to maintaining our EU Office in Brussels, which works to promote and protect the interests of Wales in the EU, as well as to increase our profile.

The Welsh Government EU office already works with the sectors cited, for example co-operating with Colleges Wales on the Erasmus+ programme and its predecessors. The Office also works with the culture sector via Wales Arts International on opportunities for the sector and has developed a close relationship with the Media Antennae, again regularly providing information on relevant EU initiatives and policy developments. Another example of engagement with the cultural and creative sector is an event it organised in partnership with S4C and VRT, the Flemish public broadcaster, to promote YGwyll/Hinterland (which received Media 2007 funding) where VRT announced that it would buy the second series.

A representative from the trade and investment team based in the Welsh Government EU office has also met with European Enterprise Network Wales, and will schedule regular meetings in future.

We acknowledge the concerns regarding challenges for the third sector with regard to accessing European funding programmes, particularly those outside of EU Structural Funds and we will work actively with the Wales Council for Voluntary Action to assist them address these issues.

Strong relationships already exist and, in response to the review, the EU Office will meet with representatives from all the sectors to take stock and make improvements where necessary. We welcome opportunities for co-location with Welsh organisations, including in the business and third sectors, as they arise, as a means of extending and developing the Team Wales approach in the EU.

Financial Implications: None. Any additional costs will be drawn from existing budgets.

Recommendation 7. Set clear objectives for all higher education institutions in Wales to engage more with the UK-wide strategy for outward student mobility including: a campaign to promote the benefits of studying and working abroad, providing language learning courses, assisting with short-term accommodation provision, internationalising curricula and providing commensurate capacity and funding.

Response: Accept in principle

The Welsh Government has already clearly signalled to higher education institutions that it should engage with the UK outward student mobility strategy as set out in our policy statement on higher education, pages 13-14. The statement is clear that International student mobility is beneficial to both institutions and students; that there must be “no barriers – perceived or real – to mobility” and that opportunities must be open to all irrespective of background.

The Welsh Government works closely with Higher Education Wales, the Higher Education Funding Council for Wales and the British Council in promoting opportunities for outward student mobility. In terms of providing language courses, short-term accommodation provision, internationalising curricula, capacity and funding that is a matter for individual institutions, although some of that can be facilitated by successful bids for Erasmus+ support.

Financial Implications: None. Any additional costs will be drawn from existing programme budgets.

Recommendation 8. Explore with higher education institutions the creation of a Wales-wide alumni network for international students, including Erasmus students, who have studied in Wales and Welsh students who have studied abroad, to maximise the impact of their international contacts.

Response: Accept in principle

The Government welcomes this recommendation and will continue to work with stakeholders and partners to maximise the impact of international contacts.

We will look to building on the network of Student Language Ambassadors, undergraduates on language courses who visit Welsh schools and colleges to talk about their experiences of learning a foreign language, which in most cases will include an “Erasmus year” in another EU Member State.

The Welsh Government also works with the UK HE International Unit as a member of its Advisory Board and its Outward Mobility Programme, which will also be developing an alumni network.

As part of its international development activity, Higher Education Wales is undertaking a review of existing international links, in order to identify potential growth areas and priorities which could include consideration of an international alumni network

Financial Implications: None. Any additional costs will be drawn from existing budgets.

Recommendation 9. Bring together the further and higher education sectors and national agencies such as British Council, Ecorys and organisations such as ECTARC to develop synergies, share best practice, and build links to

access separate strands of funding and engage with the centrally run programmes within the European Commission.

Response: Accept

As set out above, the Welsh Government (recommendations 4 and 5) is a member of the Erasmus+ Welsh Country Advisory Group, which will be the main vehicle to develop such synergies and links. Furthermore the National Agency will also organise events and seminars in Wales on the programmes for all the sectors.

From a Welsh Government perspective, the next Wales Forum on Europe entitled “Europe working for Wales: exploring successful approaches to combatting youth unemployment” will include an EU project workshop.

Financial Implications: None. Any additional costs will be drawn from existing programme budgets.

Recommendation 10. Monitor trends in student mobility, including British Council data on its Erasmus+ and youth programmes, and ensure the outcomes and impact of engagement and participation by the youth sector are systematically captured.

Response: Accept

As a member of the Erasmus+ Board, chaired by the UK Department for Business, Innovation and Skills, the Welsh Government does regularly receive data from the National Agency on the Erasmus+ programme, including the youth sector. This issue will for example be discussed in the Youth Sector Advisory Board, on which the Welsh Government is represented as noted above. Indeed, the last report provided for the previous Lifelong Learning Programme in 2013 has been sent to all Assembly Members following a request made at Business Questions on 17 March 2014.

Financial Implications: None. Any additional costs will be drawn from existing programme budgets.

Recommendation 11. Consider providing core strategic funding for youth organisations in Wales to work together in drawing down more EU funding for international youth work and volunteering.

Response: Accept

The Welsh Government supports Connect Cymru via the International Education Programme grant to the British Council.

The support is provided to foster the engagement of youth organisations with Erasmus+ and its predecessor Youth in Action. The Welsh Government will continue to work with youth organisations across Wales and encourage them to draw as much European Funding to support their activities as is possible.

The new four-year National Youth Work Strategy for Wales aims to elevate the status of youth work as both a service and a profession. The new strategy is closely aligned to the European Union's Youth Strategy, *An EU Strategy for Youth – Investing and Empowering* (2010-2018) in its aim to ensure that young people, particularly those from disadvantaged backgrounds, access diverse informal and non-formal learning opportunities, that stretch their horizons and help them grow in confidence.

The Welsh Government provides funding to Youth Services that can be used to support European youth work projects

Financial Implications: None. Any additional costs will be drawn from existing programme budgets

Recommendation 12. Work with local government to bring together people who have the relevant expertise to develop an action plan for strengthening and promoting the participation of local authorities directly in the broader development and initiation of European policy and funding streams and for integrating the different funds to maximise the outcomes for the people of Wales.

Response: Accept

We will work with local government in any work that they undertake to strengthen participation of authorities in European funding programmes.

At the Welsh level, a refreshed Territorial Co-operation Strategy for Wales will shortly be developed. This strategy will set out a vision for Territorial Cooperation in Wales moving forward. Strengthening engagement across all the European Territorial Co-operation (ETC) programmes which Wales is eligible to participate in as well as the better integration of these programmes will be considered as part of the development of this strategy.

At the UK level, the UK ETC Board is actively considering governance structures and a methodology for maximising the engagement of UK partners – including Local Authorities – across the ETC programmes in which the UK is eligible to participate. The Welsh Government is a member of this board and is integrally engaged in these negotiations. These negotiations are still ongoing and the structure and methodology are in the process of being developed. However, it is envisaged there will be a coherent network of contact points across the whole of the UK – including Wales – that will work across all sectors, including with Local Government, to support programme delivery.

Financial Implications: None. Any additional costs will be drawn from existing programme budgets.

Recommendation 13. Champion the Welsh creative industry sector within Europe, to ensure that Welsh companies are not disadvantaged in applying

for funding under the Creative Europe programme because they are considered part of a strong UK audio-visual industry as a whole.

Response: Accept

Officials from the Creative Europe Desk Wales are already involved in discussions on this issue at a European level.

The Creative Europe Programme Committee has set up a working group to reassess the methods used to ensure a level playing field between high and low production capacity countries in the MEDIA Sub-programme. Currently funding applications by companies to the MEDIA Sub-programme are assessed depending on whether the company is from one of the five big countries with high production capacity (i.e., the UK, Germany, Spain, France and Italy) or small country with low production capacity. Those from small countries are given 'automatic points', a mechanism designed to 'level up the playing field'.

UK representation on the working group is split between England, Scotland and Wales. Welsh Government officials represented the UK at the last meeting on 17 June 2014. This working group is an opportunity for us to ensure that the views and interests of the Welsh creative industries, when applying for Creative Europe funding, are fully represented.

Financial Implications: None. These activities will be met from existing budgets.

Recommendations 14, 15 and 16

Recommendation 14. Review and learn from past engagement with DG MOVE and the TEN-T Executive Agency in Brussels, particularly the negotiation of the recent TEN-T and CEF Regulations and the absence of Welsh applications to the 2007-2013 programme.

Recommendation 15. Develop a close working relationship with DG MOVE, the Innovation and Networks Executive Agency and the TEN-T Coordinators to maximise benefits to Wales from the CEF. (Page 45)

Recommendation 16. Work with Welsh stakeholders, Department for Transport and core ports in other Member States, particularly Ireland, to raise awareness of opportunities and develop a pipeline of appropriate projects. (Page 45)

Response: Accept

The text in the report concerning Recommendation 14 contains an inaccuracy. It states that we have not had any funding through TEN-T but this is not correct. Wales has been, and remains, an integral part of a multi-state consortium that has benefited from TEN-T funding under the 2007-2013 tranche to deploy Intelligent Transport Systems (ITS) on our strategic road network. Known as the 'EasyWay' project and 'Streetwise' project, Wales has

already received £5.2 million for ITS under the 2007-2013 tranche and we expect to receive further funding under the final 2013 Call.

We continue to engage actively and directly with the European Commission, the Department for Transport, Network Rail, and other stakeholders, including ports and the Ministerial Task Force on North Wales Transport, to help maximise the investment opportunities that being on the TEN-T network potentially represents for Wales under the new arrangements.

We have started a dialogue with ports and the Irish Government about potential projects under 'Motorways of the Sea', one of the horizontal priorities under TEN-T, and we stand by to liaise directly with the Innovation and Networks Executive Agency (the technical arm of DG MOVE) once we have further detail on projects for potential bids.

Potential investment opportunities include Connecting European Facility funding, although it is important to appreciate that the amount available for TEN-T in non-accession states is relatively modest. It is also a competitive bidding process which is likely to be heavily over-subscribed due to the number and scale of likely projects.

Financial implications: None at this stage. Any implications would depend on the nature of any projects that come forward and the available sources for match funding.