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# THE NATIONAL ASSEMBLY FOR WALES

## AUDIT COMMITTEE

**Report (2) 09-04 presented to the National Assembly for Wales on Tuesday 30 November 2004 in accordance with section 102(1) of the Government of Wales Act 1998**

### **European Union Structural Funding: Progress on Securing the Benefits for Wales**

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## Introduction

1. In this report we examine the progress made in managing the €2.2 billion of European Union structural funding allocated to Wales for the seven-year period to the end of 2006. The Structural Funds<sup>1</sup> exist to address inequalities between different regions and social groups, and are delivered through seven-year programmes agreed between the member state and the European Commission. For the first time, West Wales and the Valleys benefits from Objective 1 status – awarded to the poorest regions in Europe – and the Objective 1 programme accounts for 84 per cent of the total funding available in the period. This is an unparalleled opportunity to raise the economic performance of our most deprived areas, and it is essential that the Structural Funds are well managed to ensure that we benefit fully from the money available.
2. However, there were serious problems launching the programmes and the Auditor General found significant weaknesses when he first reported on the management of the Structural Funds in June 2002.<sup>2</sup> We took evidence on that report and published our own report in December 2002, making 18 recommendations that were broadly accepted by the Assembly Government. We were particularly concerned about these problems because the programmes have a limited lifespan and if the funds are not spent in accordance with agreed profiles, they are lost (“decommitted”). There is therefore an element of urgency that does not exist for most other programmes managed by the Assembly Government. We therefore asked the Auditor General to report back on progress in implementing these recommendations and to review the position on decommitment. On the basis of his follow-up report<sup>3</sup>, we took evidence from four officials in the National Assembly for Wales: Sir Jon Shortridge (Permanent Secretary and Accounting Officer), David Richards (Principal Finance Officer), Dr Emyr Roberts (Chief Executive of the Welsh European Funding Office) and Helen Usher (Finance Director of the Welsh European Funding Office).
3. This report considers progress in four key aspects:

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<sup>1</sup> There are four Structural Funds: the European Regional Development Fund (ERDF), the European Social Fund (ESF), the European Agricultural Guidance and Guarantee Fund (EAGGF) and the Financial Instrument for Fisheries Guidance (FIFG)

<sup>2</sup> Report by the Auditor General for Wales, *European Union Structural Funding: Maximising the Benefits for Wales*, presented to the National Assembly for Wales on 13 June 2002

<sup>3</sup> Report by the Auditor General for Wales, *European Union Structural Funding: Progress on Securing the Benefits for Wales*, presented to the National Assembly for Wales on 8 July 2004

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- *supporting the business*, by ensuring that managers have adequate staff and information to do their job;
  - *getting the right projects*, by helping to fund and develop projects, and ensuring that they are properly appraised;
  - *helping to deliver what is promised*, by exercising sound financial control and by monitoring the results of the programmes; and
  - *keeping the money* (by avoiding decommitment and qualifying for the performance reserve, which is awarded to programmes that meet agreed targets).

Finally, we consider briefly the preparations for the next round of programmes.

## Supporting the business

4. The Welsh European Funding Office (WEFO) is the division within the Assembly Government that is responsible for managing the Structural Funds. When the Auditor General reported in 2002, there were problems with a high level of staff vacancies within WEFO and the organisation did not have adequate management information to carry out its work. We recommended that WEFO take all necessary steps to ensure that WEFO has sufficient resources to carry out the full range of its work, and to ensure the timely completion of the remaining phases of the required IT improvements which were then in progress.<sup>4</sup>

### Staffing

5. Staff vacancy rates have stabilised at between six and eight per cent of the complement (currently 208 posts) and WEFO has had enough staff to deliver its core objectives. Some non-urgent work was re-prioritised and it proved difficult to establish completely new units like the project monitoring team that visits projects to ensure that they are properly set up to deliver projects.<sup>5</sup> The Permanent Secretary told us that WEFO's vacancy rate was a little higher than the Assembly average of about five per cent, but this was to be expected because WEFO has grown more rapidly than the Assembly as a whole, which itself has been growing quite fast. As a result there has been quite high turbulence in the system as people take opportunities to move internally and vacancies need to be filled. Employees moving from one

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<sup>4</sup> Audit Committee report 08-02: *European Union Structural Funds: Maximising the Benefits for Wales*, presented to the National Assembly for Wales on 5 December 2004

<sup>5</sup> AGW report, paragraphs 2.2 – 2.4

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part of the organisation to another has its advantages, as expertise is retained and further developed.<sup>6</sup>

6. Although the Assembly hopes to reduce vacancy times through new recruitment arrangements, the effect is unlikely to be substantial: the Permanent Secretary spoke of a reduction to 12-16 weeks from up to four months. We accept that a certain level of vacancies is inevitable in a buoyant employment market when jobs are filled by fair and open competition. We hope that WEFO's vacancy rate will fall towards the average for the Assembly as its growth should now have halted and new recruitment procedures should lead to further marginal improvement.<sup>7</sup> In this context we note that WEFO does not expect the planned move of its Cardiff and Cwm Cynon offices to Merthyr Tydfil to cause any significant staffing problems.<sup>8</sup>

### *Management information systems*

7. WEFO inherited a series of disjointed computerised information systems that were not fit for purpose. They were not designed for the current programmes and provided a very limited range of information. At the time of our hearing in 2002, WEFO was developing a new system as a top priority and had just begun to report the planned outputs of the programmes, although it was still unable to report actual outputs.<sup>9</sup>
8. Good progress has been made since 2002. The new IT system is now established and generates essential management information, saving time for both WEFO and claimants by automating much of the process. This has helped WEFO greatly in monitoring the programmes and meeting the demands of its partners for information and analysis.<sup>10</sup> However, there is significant scope for further improvement. The European Social Fund system, which operates across Great Britain, is not fully integrated with the management information system and data need to be collected separately from claimants and entered manually by WEFO staff. A fully integrated, web-enabled system would resolve these problems and lead to further efficiencies for everyone by allowing project sponsors to make applications and claim grant on the internet. WEFO originally intended to enhance the current system to introduce this capability in 2004, but the Assembly decided not to proceed with the project.<sup>11</sup>

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<sup>6</sup> Qs 4 - 5

<sup>7</sup> Q5

<sup>8</sup> Q7

<sup>9</sup> AGW report, paragraph 2.5

<sup>10</sup> AGW report, paragraphs 2.5 – 2.9

<sup>11</sup> AGW report, paragraphs 2.10 – 2.12

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9. The Permanent Secretary explained that it was too risky to introduce a major new system alongside the procurement of the Merlin framework within which it would have to operate.<sup>12</sup> He accepted that WEFO would have to make do with imperfect systems, but it would be “wise and prudent” to wait until the Merlin platform was in place before developing a new system that would cover all the Structural Funds and programmes and be ready for the start of the new programmes in 2007.<sup>13</sup> This was a decision of principle and the Assembly had not assessed the costs and benefits – including administrative savings – of web-enabling the existing system.<sup>14</sup> It will not be possible to replace the deficient application form for the European Social Fund until the next round of programmes, although there is a consensus that this should be done.<sup>15</sup> We are disappointed that the new system will take so long to implement, but we understand the reasons for the deferment. **We recommend that WEFO takes the opportunity of the additional time arising from the deferment of the previously planned computer system enhancement to deliver a state of the art system that is designed specifically to meet the needs of future programmes.** It should be web-enabled and fully integrated, resolving the current problems of the ESF system.

## Getting the right projects

10. Project selection is one of WEFO’s main responsibilities, but it depends on its partners in the public and private sectors to develop good quality projects and to provide essential match funding.

### *Match funding*

11. The Structural Funds do not cover the whole cost of a project: it must be part-funded from non-European sources in the public or private sector. The availability of sufficient match funding is therefore critical to the success of the programmes. Each project is responsible for finding its own match funding, but the Assembly Government helps by providing special budgets for projects that cannot obtain finance elsewhere (the “match funding pots”) and by approving “key funds” or grant schemes that channel European money to small organisations in a single funding stream.<sup>16</sup> At the time of our hearing in 2002, the match funding pots were heavily under-subscribed in their first year and WEFO saw no evidence that match funding was in short supply, while key funds were being further developed., We recommended that WEFO be as proactive as

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<sup>12</sup> Q10

<sup>13</sup> Q9

<sup>14</sup> Qs 12 – 13

<sup>15</sup> Q44

<sup>16</sup> AGW report, paragraphs 3.2 - 3.3, 3.7 and 3.9

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possible in monitoring the take-up and availability of match funding given the importance of matching funding to the success of the programmes. We also endorsed the principle of key funds and recommended that WEFO continued to develop them.<sup>17</sup>

12. Since 2002, the match funding position has tightened considerably as previously delayed projects come on stream, the economic development budget grows more slowly and the fall in the £/€ exchange rate creates a need for additional match funding.<sup>18</sup> The Permanent Secretary did not consider this to be a problem: the programmes had already obtained most of the match funding that they needed (76 per cent of public sector match funding in the case of Objective 1) and there were effective systems to help projects that were struggling to find match funding, with the Assembly willing to act as funders of last resort.<sup>19</sup> The Assembly Government is now encouraging projects to use the Structural Funds to co-finance existing programmes in line with the more strategic approach recommended by the mid-term evaluations. The witnesses were confident that this does not divert core budgets from their original purpose: rather it was a case of expanding their impact in the programme areas.<sup>20</sup>

13. The availability of match funding is monitored regularly and Mrs Usher assured us that currently there was no overall shortfall, although there was a need to transfer some funds within the programmes.<sup>21</sup> WEFO was not aware that there was any evidence of projects not reaching the application stage because match funding is in short supply: potential applicants are encouraged to approach WEFO at an early stage and such problems would be identified and resolved in good time.<sup>22</sup>

### *Private sector involvement*

14. The private sector has a major role in the programmes: it is expected to provide 30 per cent of total match funding and to lead to projects with wider public benefit. At the end of March 2002, however, only 22 projects had been approved and the private sector facilitators, who were to provide help to private business who wished to develop projects or otherwise benefit from the programmes, had not yet been appointed. Encouraging progress has been made on all these fronts: at 31 March 2004, £427 million of match funding had been obtained (ahead of the 30 per cent target), 141 projects had been approved with a further 70 being appraised, and the private sector facilitators had been appointed and were meeting targets to raise awareness of the

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<sup>17</sup> Audit Committee report 08-02, paragraphs 21-22 and 40

<sup>18</sup> AGW report, paragraph 3.7

<sup>19</sup> Q15

<sup>20</sup> Qs 22 – 24

<sup>21</sup> Qs 16 – 17

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programmes.<sup>23</sup> Mrs Usher told us that it was not possible for WEFO to reduce the public sector match funding target by substituting private sector funding, but the extra private sector finance helped the Structural Funds go further and was good value for money. In this respect, WEFO is out-performing other UK regions and is considered by the European Commission as something of an example in the way that it is involving the private sector.<sup>24</sup>

15. WEFO also planned to develop “template projects”, whereby the private sector would be invited to submit bids for delivering an outline proposal developed by WEFO and its partners to meet a specific requirement. This was intended to make the process clearer for applicants as major issues would be resolved before the project was put to the market. Progress on this has been much slower, as no projects had been approved at the time of our hearing and the specification for the first project was issued only in June 2004.<sup>25</sup> WEFO defended its record: it saw it as necessary to get the first project right to avoid undermining the credibility of the whole concept, and this meant spending time to develop a sound process and resolve legal and procurement issues. The idea is to specify the project carefully so that bidders do not have to waste time anticipating the needs of the partnership; instead they have a clear requirement for which they can develop an imaginative solution.<sup>26</sup> Since they are only involved at the end of the process, they should not be put off by the overall length of the process, which Mrs Usher acknowledged could well be the same as the standard appraisal process.<sup>27</sup>

16. We endorse the concept of the template projects and fully appreciate the need to get the process and specification right before going to the market. Nevertheless, two years is a long time to wait for a single specification and it is generous to interpret this as “methodical rather than slow”.<sup>28</sup> **We recommend that WEFO now picks up the pace of introducing “template projects” and ensures that it achieves its objective of developing eight such projects by 2005.** We are keen to see this innovative process used to its full potential and hope that the preparatory work will now help to establish the concept widely and quickly.

### *The project appraisal process*

17. In 2002, the Auditor General reported that the length and complexity of the project development and appraisal process was one of the most frustrating aspects of the Structural Funds for

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<sup>22</sup> Q26

<sup>23</sup> AGW report, paragraphs 3.11 - 3.14

<sup>24</sup> Q37

<sup>25</sup> AGW report, paragraph 3.12 and 3.15 ; Q38

<sup>26</sup> Q38

<sup>27</sup> Q39

<sup>28</sup> Q38

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Objective 1 applicants and one which they most wanted to see addressed.<sup>29</sup> When we took evidence on the report in 2002, the witnesses defended the eleven stage process, which typically involved a process of review by up to three committees and extensive consultation between partnerships. We were concerned that the process was unnecessarily laborious and WEFO accepted our recommendation to keep the process under review, with a view to removing those aspects of the process that became superfluous.<sup>30</sup>

18. WEFO carried out a radical review of the Objective 1 process in 2003 and introduced a more flexible process that eliminated or combined several stages of formal project assessment. The number of partnership committees has been reduced and the consultation process streamlined, so that advice is sought at the same time from partnerships, thematic advisory groups (which have replaced the regional and strategy partnerships) and specialist advisers.<sup>31</sup> WEFO told us that these changes had been well received by applicants and partnerships. WEFO finds the comments of the new thematic advisory groups very helpful, especially as they are now able to comment on projects at an early stage in the process.<sup>32</sup> Although it is early days, the changes seem to be much better suited to the needs of the European programmes and we consider that the problems of the previous arrangements have been comprehensively addressed.

### *Appraisal times*

19. The length of the project appraisal process was a major complaint of applicants in the first two years of the current programmes, although no one knew how long it actually was taking because the necessary information was not collated centrally.<sup>33</sup> This information is now available and shows that appraisal times have fallen sharply, from a median of 17 months for projects submitted in 2000 to five months for those received in 2002, with a similar picture emerging for 2003. The proportion of projects taking more than a year to approve fell from 60 per cent in 2000 to 13 per cent in 2002 and most projects are now approved within six months. However, WEFO is unable to process more than 20 per cent of projects within 90 days – its target for fully prepared applications.<sup>34</sup>
20. We welcome the reduction in appraisal times shown by these statistics, which indicate only too clearly the unfortunate effect of the chaotic launch of the programmes. WEFO aims to reduce the times still further, and expects better guidance and the selective use of bidding rounds to

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<sup>29</sup> AGW report, paragraph 3.17

<sup>30</sup> Audit Committee report 08-02, paragraph 33

<sup>31</sup> AGW report, paragraphs 3.18 – 3.19

<sup>32</sup> Qs 40 – 42

<sup>33</sup> AGW report, paragraph 3.25



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help.<sup>35</sup> However, it seems unlikely that WEFO will meet its target of processing fully prepared applications within 90 days. The recent changes to the process have shortened the project development stages rather than WEFO's appraisal.<sup>36</sup> Dr Roberts was keen to retain a challenging target and had no plans to change it, although he was unable to tell us when he thought WEFO might achieve it. WEFO was also unable to tell us how many applications were fully prepared, or to define the term "fully prepared" – this is important because only fully prepared applications count towards the target.<sup>37</sup> We realise that no two projects are the same and that the duration of the appraisal process depends on many factors, including the quality of the application, the complexity of the project, the status of the applicant and how quickly applicants respond to requests for additional information. Difficulties with state aid regulations can cause long delays, and account for many of the cases that take longer than a year to process.<sup>38</sup> However, the target is not meaningful if it cannot be properly measured or is unrealistic. Applicants need to be able to plan on the basis of target times, otherwise the target has no credibility and is not useful as a performance indicator. The mid-term evaluation for Objective 1 suggested that six months was a better objective,<sup>39</sup> and the data appears to support that: WEFO processes just over half of applications within six months, and could aim to improve that proportion. We would prefer a straightforward target that could be readily understood by applicants and partnerships to assist project planning. **We recommend that WEFO review its appraisal times target to ensure that it is clearly defined, measurable, and realistic yet challenging.**

### *Project appraisal by WEFO*

21. WEFO has developed comprehensive guidance for its staff to enable them to undertake a rigorous appraisal of all projects. This guidance addresses all the main concerns in the Auditor General's 2002 report, which found that WEFO did not always sufficiently challenge shortcomings in applications or properly document important judgements on value for money. Unfortunately, an internal audit of Objective 1 ERDF projects found that these problems persisted, although WEFO was adamant that a thorough appraisal was undertaken in all cases and that it was simply a matter of improving documentation.<sup>40</sup> The witnesses told us that matters had improved substantially since the report was issued, with additional management checks and a larger financial appraisal team to provide professional advice. They also pointed out that the

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<sup>34</sup> AGW report, paragraphs 3.28 – 3.29

<sup>35</sup> Q52

<sup>36</sup> Q42

<sup>37</sup> Qs 53, 56, 57

<sup>38</sup> Annex C, Q47

<sup>39</sup> AGW report, paragraph 3.31

<sup>40</sup> AGW report, paragraph 3.33 – 3.36

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audit covered projects from the start of the programmes, and that more recent projects had shown better results.<sup>41</sup> We accept that measures have been taken to improve matters but it is disappointing that these problems have continued after the assurances given to us in 2002. Without adequate documentation, no one can be completely sure that the relevant issues have been properly considered.

## Helping to deliver what is promised

### *Financial control*

22. WEFO operates a system of financial control with three key elements: checks on grant claims before they are paid, independent external audit of each project every year to confirm that their grant claims are accurate, and in-depth inspection of a sample of projects by WEFO's financial control team. These inspections are required by European regulations and must cover at least five per cent of each programme's eligible expenditure, depending on a risk assessment. In addition, the same regulations require separate management checks on projects to verify their existence. We were concerned that there were inconsistencies in the scope of work that the external auditors were asked to undertake, and that their work overlapped with that of the financial control team. Project audits were revealing shortcomings in financial control but there was not way of detecting and resolving these or other problems at an early stage, as WEFO did not routinely visit projects to review management systems and discuss general progress.<sup>42</sup>
23. WEFO had not reviewed the instructions to auditors to remove inconsistencies at the time of our hearing, although the Permanent Secretary told us that it planned to complete the review by September 2004.<sup>43</sup> Given the risks that WEFO has faced since 2002, it is understandable that this has not been a priority, but we expect the review to be completed quickly so that auditors are working within a clear, consistent framework with proper guidance on common risks.
24. WEFO has now established a project monitoring team that will fulfil the Committee's recommendation that it should visit project sponsors at least once to review general progress and verify output information. It will also undertake the physical verification and other checks required by European regulations. However, the team will take some time to reach its target of visiting ten per cent of all projects because WEFO did not set up the team until January 2004 and does not expect it to be fully established until summer 2004. As a result, Wales lags behind other

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<sup>41</sup> Qs 75 – 77

<sup>42</sup> AGW report, paragraphs 4.2 – 4.4

<sup>43</sup> Q81

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Objective 1 regions in its programme of visits. The mid-term evaluation identified the lack of personal contact with project sponsors as one of the main weaknesses in programme management.<sup>44</sup> The Permanent Secretary acknowledged that this was one of the most important risks identified in the Auditor General's report, and that the visits should ideally have begun 12 to 18 months earlier. Consequently, WEFO may need to double its financial control work on pre-2003 expenditure to avoid criticism from the European Commission when the programmes are closed.<sup>45</sup> This would make sense, but it would certainly be unfortunate if the delay in carrying out the more supportive and preventative monitoring work led to an increase in retrospective audit work, which is valuable but will not have the same beneficial effect. **We recommend that WEFO takes steps to make quick progress with project monitoring visits so that they reach the ten per cent target coverage as quickly as possible.**

25. WEFO has now established all the elements of monitoring and control that it needs to exercise an appropriate degree of oversight over the Structural Funds. The external auditors, financial control team and project monitoring team have distinct roles but undertake similar work in many respects, and the differences between them may not be readily appreciated by project sponsors who receive a visit from more than one of these groups. The scope for reducing the inspection burden is limited by the European Commission, which requires WEFO to undertake all three types of control. The Auditor General suggested that WEFO should consider practical ways of reducing this burden within these constraints,<sup>46</sup> and we asked how WEFO planned to take forward this recommendation. Officials hope to coordinate financial control inspections and monitoring visits to avoid them occurring too closely together, and to build in feedback mechanisms so that projects identified as low-risk in one type of control are less likely to be visited again by either team.<sup>47</sup> We support this type of risk-based approach, but would like to see it expanded to include the annual external audits that are compulsory for every project (other than ESF projects receiving less than £20,000 of grant), and which cover much of the same ground as financial control visits. There may be scope for raising the threshold for audits or requiring them less frequently for small or low risk projects; this would be in line with recent changes to Audit Commission policy that seeks to reduce the amount of grant audit work that is undertaken. **We recommend that WEFO includes the external project audits in the risk based approach to project monitoring and control which it plans to develop.**

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<sup>44</sup> AGW report, paragraphs 4.10 – 4.12

<sup>45</sup> Q 85

<sup>46</sup> AGW report, paragraphs 4.13 and 4.16

<sup>47</sup> Q 87

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## *Monitoring of the programmes*

26. Until 2002 WEFO was unable to monitor the programmes effectively because it did not collect data on the outputs of the programmes. This has now been resolved and WEFO can generate appropriate management information on outputs by programme, measure and geographical area to meet the needs of programme managers and partners. The mid-term evaluation identified some specific issues with targets and output measurement, and the Committee is concerned that there are no controls to prevent the double-counting of outputs between projects and that that this could lead to a programme's outputs being overstated.<sup>48</sup> The witnesses acknowledged that there was a potential problem, common to all economic development funding, of associating outcomes with a particular input of grant – especially where businesses or projects receive funding from more than once source. WEFO was drafting guidance to help project sponsors attribute their outputs correctly, but we tend to the view of the Permanent Secretary that there is little that can be done to overcome this problem. Dr Roberts felt that the overall effect was unlikely to be significant, and would in any case be very hard to detect.<sup>49</sup>
27. Extensive information is collected on the geographical distribution of programme outputs, but WEFO has not itself undertaken any detailed mapping work to identify areas of common concerns, as we recommended in our last report. However, it does now provide detailed information to local partnerships who use the information to plan their local strategies. And WEFO is now responding to requests from thematic advisory groups for spatial data to help them identify any gaps in provision that need to be filled<sup>50</sup>.

## **Keeping the money**

28. The European Union agrees a profile of spending for each programme, and sets minimum expenditure targets for each year from 2002. If WEFO fails to claim the full target at end of each year the unspent balance is withdrawn by the European Commission and is effectively lost to Wales. The main programmes (Objectives 1, 2 and 3) also benefit from a one-off performance reserve, equal to four per cent of the total European funding for each programme, which is paid if the programme meets certain pre-agreed targets for effectiveness (results), management and finance at 31 December 2003.<sup>51</sup> The sound management of the Structural Funds is therefore vital to ensure that Wales derives the full benefit of the funds available and does not lose money either

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<sup>48</sup> AGW report, paragraph 4.22

<sup>49</sup> Qs 91 – 93

<sup>50</sup> Q94

<sup>51</sup> AGW report, paragraph s 5.1 and 5.2

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through decommitment or by failing to qualify for the performance reserve. This was an issue of particular concern to us when we reported in 2002 and we asked the Auditor General to review the position in his follow-up report.

29. WEFO successfully avoided decommitment in both 2002 and 2003 and qualified for the performance reserve on all three programmes, bringing in an additional £65 million for Wales. However, it is a matter of considerable concern to us that it managed to do so in 2003 only by using “special measures” to generate £57.2 million of additional spending just before the deadline. These included paying retrospective grants to projects that had already taken place (£33.5 million), increasing the grant rate of projects that had already been approved (£9.3 million) and processing claims on a monthly rather than a quarterly basis in the final months of the year, thus bringing the expenditure inside the calendar year (£14.4 million). Without these special measures, WEFO would have missed five of the six targets on the main programmes and lost £105 million; £40 million through decommitment and a further £65 million by losing the performance reserve, which is conditional on spending targets being met.<sup>52</sup>
1. The Auditor General reported that the targets proved to be “exceptionally challenging” and that an intensive effort was needed to meet them; some were not achieved until December, very shortly before the deadline.<sup>53</sup> The witnesses acknowledged this and told us that Wales was not alone in facing these problems; indeed some other regions in the United Kingdom used retrospection to a much greater extent than WEFO in order to meet their spending targets.<sup>54</sup> That may be so, but we are very concerned that WEFO found itself in this position and had to rely on special measures that had to be approved by the European Commission; without its approval, we would have lost that money. The shortfall in spending was partly due to a reduction in the £/€ exchange rate, which created the need to spend an additional £25 million,<sup>55</sup> but the main reason is that the process is not operating as efficiently as it should be. Spending rates reflect the efficiency of everyone involved in the process,<sup>56</sup> and the Auditor General’s report shows that there are deep-rooted problems in the capacity of the system to generate the amount of spending required. And ultimately, of course, if the spending is delayed then so too are the benefits that it is meant to bring.

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<sup>52</sup> AGW report, paragraphs 5.7 and 5.9 – 5.10

<sup>53</sup> AGW report, paragraph 5.7

<sup>54</sup> Q96

<sup>55</sup> AGW report, Box C on page 32

<sup>56</sup> AGW report, paragraph 5.15

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### *The special measures*

31. We asked the witnesses what the lessons were from the intensive effort that was needed to meet the spending targets and benefit from the performance reserve. Dr Roberts told us that WEFO could not rely on project sponsors submitting accurate spending profiles and needed to adopt a cautious approach to the amount of money that would flow from normal project activity. With that in mind, WEFO had invited bids for retrospection much earlier than it had in 2003 so that the projects would be there if they were needed and another last-minute rush could be avoided. He added that it had been difficult to manage the large number of relatively small projects that had characterised the early stages of the current programmes, as many of them had limited project management capacity and had fallen behind in terms of spending and delivery. He referred to the experience of some programme managers in England, who had fewer but larger projects that had taken time to set up, but were spending well now that they were established. WEFO had learnt from this and was working more strategically to bring forward projects and to ensure that it was well informed on the progress of key projects.<sup>57</sup>
32. We agree with the broad approach that WEFO is adopting, and we also agree that the Assembly Government was right to invoke the special measures to meet the spending targets.<sup>58</sup> Given the serious position in mid-2003, those involved did well to coordinate action on all fronts and turn the situation around so that we met all the targets and qualified for the performance reserves. It was an example of effective crisis management. Nevertheless, we have some concerns about the special measures, especially the use of retrospective projects. Most obviously, we are concerned that the principle of additionality could be compromised. Grants are normally paid only to projects that need them and will provide a genuine additional benefit. This is clearly not the case with the retrospective projects. There is also a danger that retrospection diverts funds away from others sectors or parts of the programme that may have benefited from them, as it was restricted mainly to the Assembly and its sponsored bodies in 2003. Finally, we were concerned that the “quick wins” had been taken in 2003, and that WEFO may not have sufficient scope to use special measures as programmes proceed and the more difficult areas are left unspent in subsequent years.
33. The witnesses sought to reassure us on all these points. WEFO restricted the availability of retrospection in 2003 because it was completely new and officials thought it was too risky to involve other organisations unless it was absolutely necessary. It would be more difficult to track

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<sup>57</sup> Q96

<sup>58</sup> Q105

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the money and ensure that the funds were recycled.<sup>59</sup> Additionality is protected by a clause in the grant agreements which require recipients to submit proposals to WEFO for spending the money released to them on projects that meet the objectives of the Structural Funds and that will be completed by the time the programmes end in 2008. However, some of these proposals have been delayed and there is no deadline for receiving them.<sup>60</sup> We consider this an important omission because delays increase the risk that projects will not be completed before the programmes close, especially if retrospection is extended to bodies outside the Assembly's immediate sphere of influence. **We recommend that all proposals for replacing retrospective grants are received and approved by WEFO without delay, and that in future a reasonable deadline for this is included in the grant agreement.**

34. Dr Roberts acknowledged that there is a limit to the number of retrospective projects that could be used but assured us that there are more than enough to cover likely needs, and that he hoped to make minimal use of them this year. WEFO expected that it would only need to use retrospection to meet the ERDF targets for Objectives 1 and 2.<sup>61</sup> It would become more important as the programme neared its end and WEFO has to ensure that gaps in specific measures are filled to avoid losing any money. WEFO is keen to minimise the use of special measures, will target them at areas that are under-spending, and wishes to minimise their impact on the rest of the programmes.<sup>62</sup> We agree entirely with those sentiments, and we hope that WEFO will have sufficient latitude to act as it intends to do. This was not always the case in 2003, when it needed to apply retrospection widely in order to avoid decommitment.

### *Under-spending by projects*

35. One of the main reasons for the shortfall in spending was the failure of project sponsors to spend as predicted. The witnesses assured us that they had greatly improved their forecasting techniques and were discounting the forecasts submitted by projects sponsors in line with experience. WEFO found that projects were spending about 35 per cent below the level forecast in their profiles, and is making judgements based on a sensitivity analysis that uses these findings.<sup>63</sup> It is also pursuing under-spends and questioning forecasts more vigorously.<sup>64</sup> We acknowledge and support this good practice and look to WEFO to continue developing its procedures in this respect. It is much more difficult to address the underlying problem of slow

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<sup>59</sup> Q97

<sup>60</sup> Qs 100 – 101

<sup>61</sup> Q104

<sup>62</sup> Q97

<sup>63</sup> Q110

<sup>64</sup> Q96

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spending, as WEFO does not manage projects itself, and its role is mainly to encourage and facilitate while responding to the consequences of under-spending.

### *Late claims*

36. WEFO can manage more easily the problem of late claims from project sponsors, and a determined effort by its payment team meant that this was not a significant problem at the end of 2003. Indeed, WEFO relied on many sponsors submitting monthly rather than quarterly claims to help meet the spending targets. There is some evidence that the situation is improving as the number of outstanding claims has fallen now that WEFO is pursuing them more regularly, and more is at risk from under-spending by projects. Nevertheless, it is worrying that public bodies, including higher education institutions, who are the main offenders, are not claiming grant on time as this is a fairly basic aspect of project management.<sup>65</sup> The Permanent Secretary told us that he was concerned about the issue and would emphasise the importance of timely claims when he next met the accounting officers of Assembly-Sponsored Public Bodies. He has less influence with local authorities, but WEFO is considering meeting their finance directors to discuss the issue.<sup>66</sup> **We recommend that Assembly officials monitor the timeliness of grant claims from Assembly Sponsored Public Bodies and local authorities and discuss any problems with performance at a senior level with the organisations concerned.**
37. The claim forms are extensive and require a lot of information on expenditure and outputs, primarily in form of forecasts and geographical analyses. This may well deter the timely submission of grant claims. This information is needed to meet the requirements of programme managers and partners and WEFO does not think there is much scope to reduce it, although it may be able to explain requirements more clearly.<sup>67</sup> **Whilst recognising that the scope is limited with current technology and information requirements, we recommend that WEFO does whatever is necessary and possible to minimise the burden on sponsors in relation to the completion of claim forms.** Another reason for the problem may be that public sector project sponsors have little incentive to claim on time, since they are able to fund their projects from general sources (including Assembly grants) and WEFO does not apply any sanctions for late claims. It is reluctant to “name and shame” offenders, considering this to be a crude measure that may unfairly penalise organisations that manage complex projects.<sup>68</sup> **Whilst it should certainly help and persuade late claimants initially, we recommend that WEFO should**

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<sup>65</sup> AGW report, paragraphs 5.16 - 5.20

<sup>66</sup> Qs 112 – 113

<sup>67</sup> Qs 122 – 123

<sup>68</sup> Qs 116 – 118



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**consider developing a system of reasonable and proportionate sanctions against sponsors that repeatedly fail to submit claims without undue delay.**

### *Committing funds*

38. Expenditure cannot take place unless funds have been committed to projects within a proper strategic framework. The Auditor General reported that overall project approvals were running to plan, but there were shortfalls in some areas where it had taken a long time to identify or develop projects for various reasons.<sup>69</sup> Dr Roberts assured us that the Assembly had removed many of the constraints that had held back progress and WEFO was now making good progress in developing infrastructure projects, which had made slow progress in the past.<sup>70</sup> WEFO was now commissioning projects to fill specific gaps, and he cited the Cymorth childcare scheme as an example.<sup>71</sup> Overall, WEFO plans to pick up the pace on project approvals and to commit all of the 2004 allocation, and one quarter of the 2005 allocation, but the end of this year. That is an ambitious objective in the light of previous experience, but one that WEFO is reasonably confident of achieving although it is running somewhat behind profile (it had committed 28 per cent of the necessary funds by the time of our hearing).<sup>72</sup> We support the thrust of WEFO's plans and the use of project commissioning to help fill gaps in provision; this is the kind of strategic approach that was lacking when the programmes started.

## **Securing the future of European funding in Wales**

39. We are now over two thirds of the way through the current programming period and Wales needs to prepare in good time for the next programming round, which runs from January 2007 to December 2013. At the time of our hearing Assembly officials were expecting to receive imminently the draft regulations for the next round of funding. WEFO will set up project groups to review all aspect of the programmes, with the aim of ensuring that the programmes are fully developed with projects that are ready to start soon after 1 January 2007. These groups would draw on the expertise gained from the current programmes.<sup>73</sup> We strongly support this initiative. The experience with the current programmes is that it takes a long time to develop strategies and clear plans to implement those strategies, and this needs to take place as early as possible within a clear management framework. These foundations were lacking in 2000 and those mistakes must not be repeated. We therefore wish to re-iterate the first recommendation of our 2002

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<sup>69</sup> AGW report, paragraphs 5.26 - 5.27

<sup>70</sup> Q126

<sup>71</sup> Q129

<sup>72</sup> Q132

<sup>73</sup> Q136

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report that basic management arrangements are settled well in advance of the programme's launch and that comprehensive guidance for partnerships and applicants is issued in good time and look to WEFO to ensure that the launch of the next round of programmes is as smooth as possible.

## Concluding comments

40. WEFO and its partners have made a lot of progress since we reported in 2002. The most important issues have been addressed and the programmes seem to be running much more smoothly. The management structure has been streamlined, project development and appraisal have been improved and are taking place more quickly, and management information has improved greatly. There has been steady progress in approving projects and involving the private sector. WEFO is more firmly established and has adopted a coherent and credible strategy to resolve the remaining problems and bring the current programmes to a successful close. Without these improvements, it is doubtful whether WEFO could have turned around the situation that developed last year and we would now be enquiring into the unnecessary loss of millions of pounds of structural funding. That risk remains, and will need to be managed carefully. The fact that spending had fallen so far short of target levels indicates that the process was not working as efficiently as it should be, and resolving this will take time and continuing effort on the part of WEFO and all its partners. Many sponsors need to be much more professional in managing their projects, submitting claims promptly and discussing delays openly and honestly with WEFO so that appropriate action can be taken. WEFO needs to develop further its monitoring and control functions, streamlining them where possible and making them more responsive to risk. And there can be no let-up in the process of developing and selecting high quality projects to use the Structural Funds, to ensure that the current programmes are fully used – not one penny must be wasted – and to get the next round of programmes off to a flying start. We are now much more confident that WEFO and its partners have the capacity to do this, and we expect to see further improvements as we transfer to the next round of programmes.

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## Recommendations

41. In the light of these findings and conclusions, we recommend that:

- i. WEFO takes the opportunity of the additional time arising from the deferment of the previously planned computer system enhancement to deliver a state of the art system that is designed specifically to meet the needs of future programmes;
- ii. WEFO now picks up the pace of introducing “template projects” and ensures that it achieves its objective of developing eight such projects by 2005;
- iii. WEFO reviews its appraisal times target to ensure that it is clearly defined, measurable, and realistic yet challenging;
- iv. WEFO takes steps to make quick progress with project monitoring visits so that they reach the ten per cent target coverage as quickly as possible;
- v. WEFO includes the external project audits in the risk based approach to project monitoring and control which it plans to develop;
- vi. all proposals for replacing retrospective grants are received and approved by WEFO without delay, and that in future a reasonable deadline for this is included in the grant agreement;
- vii. Assembly officials monitor the timeliness of grant claims from Assembly Sponsored Public Bodies and local authorities and discuss any problems with performance at a senior level with the organisations concerned;
- viii. whilst recognising that the scope is limited with current technology and information requirements, WEFO does whatever is necessary and possible to minimise the burden on sponsors in relation to the completion of claim forms; and
- ix. WEFO should consider developing a system of reasonable and proportionate sanctions against sponsors that repeatedly fail to submit claims without undue delay.



**Cynulliad Cenedlaethol Cymru  
Pwyllgor Archwilio**

**The National Assembly for Wales  
Audit Committee**

**Ariannu Strwythurol yr Undeb Ewropeaidd: Cynnydd ar Sicrhau  
Buddion dros Gymru  
European Union Structural Funding: Progress on Securing the  
Benefits for Wales**

**Cwestiynau 1-139  
139**

**Dydd Iau 15 Gorffennaf 2004  
Monday, 15 July 2004**

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*Aelodau o'r Cynulliad yn bresennol: Janet Davies (Cadeirydd), Mick Bates, Alun Cairns, Jocelyn Davies, Christine Gwyther, Denise Idris Jones, Val Lloyd, David Melding, Leighton Andrews, Carl Sargeant.*

*Swyddogion yn bresennol: Syr John Bourn, Archwilydd Cyffredinol Cymru, Gillian Body, Swyddfa Archwilio Genedlaethol Cymru, Ceri Thomas, Swyddog Cydymffurfio Dros Dro, Cynulliad Cenedlaethol Cymru.*

*Tystion: Syr Jon Shortridge, Ysgrifennydd Parhaol, Cynulliad Cenedlaethol Cymru, David Richards, Prif Swyddog Cyllid, Cynulliad Cenedlaethol Cymru, Dr Emyr Roberts, Prif Weithredwr, Swyddfa Cyllid Ewropeaidd Cymru, Helen Usher, Pennaeth Is-adran Gwasanaethau Corfforaethol a Chyllid, Swyddfa Cyllid Ewropeaidd Cymru.*

*Assembly Members present: Janet Davies (Chair), Mick Bates, Alun Cairns, Jocelyn Davies, Christine Gwyther, Denise Idris Jones, Val Lloyd, David Melding, Leighton Andrews, Carl Sargeant.*

*Officials present: Sir John Bourn, Auditor General for Wales, Gillian Body, National Audit Office Wales, Ceri Thomas, Acting Compliance Officer, National Assembly for Wales.*

*Witnesses: Sir Jon Shortridge, Permanent Secretary, National Assembly for Wales, David Richards, Principal Finance Officer, National Assembly for Wales, Dr Emyr Roberts, Chief Executive, Welsh European Funding Office, Helen Usher, Head of Finance and Corporate Services Division, Welsh European Funding Office.*

*Dechreuodd y cyfarfod am 9.30 a.m.  
The meeting began at 9.30 a.m.*

[1] **Janet Davies:** Good morning. I welcome committee members, witnesses and members of the public to what is the last meeting before recess. I remind everybody that the committee operates bilingually, and you can use the headsets to listen to the translation or to hear the whole proceedings more clearly. I ask everybody to turn off their mobile phones—and not to just put them on silent—and any other electronic devices, because they interfere with broadcast and translation systems. Even if no-one is speaking in Welsh, some people need to use their headphones to hear more clearly. Apologies have been received from Mark Isherwood, for whom David Melding is substituting. Before we go any further, I ask Members to declare any interests.

[2] **Leighton Andrews:** My wife is the

[1] **Janet Davies:** Bore da. Croesawaf aelodau'r pwyllgor, tystion ac aelodau'r cyhoedd i'r cyfarfod olaf cyn y gwyliau. Atgoffaf bawb bod y Pwyllgor yn gweithredu'n ddwyieithog a bod clustffonau ar gael ar gyfer y cyfieithiad neu i glywed y trafodion yn gliriach. Gofynnaf i bawb ddifodd eu ffoniau symudol—ac nid eu distewi—ac unrhyw ddyfeisiau electronig eraill, oherwydd eu bod yn ymyrryd â'r offer cyfieithu a darlledu. Hyd yn oed os nad oes unrhyw un yn siarad yn y Gymraeg, mae angen i rai ddefnyddio eu clustffonau i glywed yn gliriach. Derbyniwyd ymddiheuriadau gan Mark Isherwood, ac mae David Melding yma yn ei le. Cyn i ni fynd ymhellach, gofynnaf i Aelodau ddatgan unrhyw fuddiannau.

[2] **Leighton Andrews:** Fy ngwraig yw

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director of BT in Wales and the director of Better Business Wales, which is, of course, sponsoring the Opportunity Wales Objective 1 funding project. I do not consider that to cause me any difficulty in the deliberations of this meeting.

[3] **Janet Davies:** We will deal first with the National Audit Office report on European Union structural funding. I ask the witnesses to introduce themselves.

**Sir Jon Shortridge:** I am Jon Shortridge, Permanent Secretary of the National Assembly for Wales.

**Mr Richards:** I am David Richards, Principal Finance Officer of the National Assembly for Wales.

**Dr Roberts:** I am Emyr Roberts, Chief Executive of the Welsh European Funding Office.

**Mrs Usher:** I am Helen Usher, Head of Finance and Corporate Services Division of the Welsh European Funding Office.

[4] **Janet Davies:** We are following up our December 2002 report on the management of the structural funds, in which we made 18 recommendations to the Assembly Government to help improve the way in which the European programmes were implemented in Wales. The structural funds, and the Objective 1 programme in particular, offer a wonderful opportunity to raise the economic performance of our most deprived areas, but, as we all know, the programmes have a limited lifespan, and European rules mean that we lose funding if we do not meet the annual spending targets. So, it is vital that we establish sound management arrangements for these complex programmes so that we can ensure that we benefit fully from the money available.

cyfarwyddwraig BT yng Nghymru a chyfarwyddwraig Gwell Busnes Cymru, sydd, wrth gwrs, yn noddi prosiect cyllid Amcan 1 Cyfle Cymru. Nid ystyriaif fod hynny'n achosi unrhyw anhawster i mi yn nhrefodaethau'r cyfarfod hwn.

[3] **Janet Davies:** Yr ydym am ddelio'n gyntaf ag adroddiad y Swyddfa Archwilio Genedlaethol ar gyllid strwythurol yr Undeb Ewropeaidd. Gofynnaf i'r tystion gyflwyno eu hunain.

**Syr Jon Shortridge:** Fi yw Jon Shortridge, Ysgrifennydd Parhaol Cynulliad Cenedlaethol Cymru.

**Mr Richards:** Fi yw David Richards, Prif Swyddog Cyllid Cynulliad Cenedlaethol Cymru.

**Dr Roberts:** Fi yw Emyr Roberts, Prif Weithredwr Swyddfa Cyllid Ewropeaidd Cymru.

**Mrs Usher:** Fi yw Helen Usher, Pennaeth Is-adran Gwasanaethau Corfforaethol a Chyllid Swyddfa Cyllid Ewropeaidd Cymru.

[4] **Janet Davies:** Yr ydym yn dilyn ein hadroddiad yn Rhagfyr 2002 ar reoli'r cronfeydd strwythurol, lle y bu i ni wneud 18 argymhelliad i Lywodraeth y Cynulliad i gynorthwyo i wella'r ffordd y rhoddwyd y rhaglenni Ewropeaidd ar waith yng Nghymru. Mae'r cronfeydd strwythurol, a'r rhaglen Amcan 1 yn benodol, yn cynnig cyfle gwyb i roi hwb i berfformiad economaidd ein hardaloedd mwyaf difreintiedig, ond, fel y gwyddom i gyd, mae gan y rhaglenni oes gyfyngedig, ac mae rheolau Ewropeaidd yn golygu ein bod yn colli cyllid os nad ydym yn bodloni'r targedau gwario blynyddol. Felly, mae'n hanfodol ein bod yn sefydlu trefniadau rheoli cadarn ar gyfer y rhaglenni cymhleth hyn er mwyn i ni allu sicrhau ein bod yn elwa'n llawn ar yr arian sydd ar gael.

The Auditor General's report focuses on

Yr oedd adroddiad yr Archwilydd

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the process by which WEFO manages the structural funds, but we recognise that WEFO's partners in the public, private and voluntary sectors are instrumental to the success of the programmes, and, of course, it is the projects themselves that will determine the impact of the structural funds.

I will start with part 2 of the report, and I will address my questions to you, Sir Jon, although, of course, if you wish to pass them to one of your colleagues, you are welcome to do so. I refer to paragraphs 2.1 to 2.4, which deal with the staff vacancy rate. I see that vacancies in fully operational areas are as much as 8 per cent at times. On what grounds are you satisfied that you can conduct business efficiently when there is still this understaffing?

**Sir Jon Shortridge:** I think that, across the Assembly as a whole, we have never been in a position where we have had a full complement of staff. I would think that, on average, at any one time, we have probably had a declared rate of 5 per cent of vacancies. So, the vacancy rates that WEFO has had to deal with is not out of order as far as what we, as Assembly officials, are used to. While that level of vacancies has certainly caused pressure on staff at times and has caused some operational difficulties, I am not aware that it has seriously prejudiced the performance of WEFO. Perhaps I could comment further: I think that one of the reasons for it—and I would say that this is not a question of poor or bad management—is that we have been dealing, within the Assembly, over the last five years, and therefore within WEFO over the last five years, with an organisation that has been growing quite fast. The Assembly as a whole has been growing fast, and WEFO has had to establish itself. In those circumstances, where you have something of an internal employment market, but fair and open

Cyffredinol yn canolbwyntio ar y broses a ddefnyddir gan WEFO i reoli ei gronfeydd strwythurol, ond cydnabyddwn fod partneriaid WEFO yn y sectorau cyhoeddus, preifat a gwirfoddol yn hanfodol i lwyddiant y rhaglenni, ac, wrth gwrs, y prosiectau eu hunain fydd yn pennu effaith y cronfeydd strwythurol.

Yr wyf am ddechrau gyda rhan 2 yr adroddiad, ac yr wyf am gyfeirio fy nghwestiynau atoch chi, Syr Jon, er, yn amlwg, bod croeso i chi eu trosglwyddo i un o'ch cydweithwyr os ydych yn dymuno. Cyfeiriau at baragraffau 2.1 i 2.4, sy'n delio gyda'r gyfradd swyddi gwag staff. Yr wyf yn gweld bod y gyfradd swyddi gwag mewn meysydd cwbl weithredol cymaint â 8 y cant ar brydiau. Ar ba sail yr ydych yn fodlon y gallwch gyflawni eich busnes yn effeithlon pan nad oes digon o staff o hyd?

**Syr Jon Shortridge:** Credaf, drwy'r Cynulliad i gyd, nad ydym erioed wedi bod mewn sefyllfa lle y ceir y cyflenwad llawn o staff. Credaf, ar gyfartaledd, ar unrhyw gyfnod penodol, ein bod mae'n siŵr wedi cael cyfradd hysbys o 5 y cant o ran swyddi gwag. Felly, nid yw'r cyfraddau swyddi gwag y mae WEFO wedi gorfod delio â hwy yn anghyffredin i'r hyn yr ydym ni, swyddogion y Cynulliad, wedi arfer â hwy. Tra bod y lefel honno o swyddi gwag yn sicr wedi achosi pwysau ar staff o bryd i'w gilydd ac wedi achosi anawsterau gweithredol, nid wyf yn ymwybodol ei fod wedi andwyo'n ddifrifol ar berfformiad WEFO. Efallai y gallaf wneud sylwadau pellach: credaf mai un o'r rhesymau am hyn—ac ni fyddwn yn dweud fod hyn yn fater o reoli gwael neu ddrwg—yw ein bod wedi bod yn delio, yn y Cynulliad, yn ystod y pum mlynedd diwethaf, ac felly yn WEFO yn ystod y pum mlynedd diwethaf, gyda sefydliad sydd wedi bod yn tyfu'n gymharol gyflym. Mae'r Cynulliad ar y cyfan wedi bod yn tyfu'n gyflym, ac mae WEFO wedi gorfod sefydlu ei hun. Dan yr amgylchiadau

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competition, you have people taking up opportunities for advancement and, therefore, you have quite high turbulence in the system. That is something that we have had to manage as part of establishing, and helping the maturity of, the Assembly.

[5] **Janet Davies:** Right. If a large number of staff leave at the same time, will that cause major problems? I think that the recruitment process is sometimes quite long.

**Sir Jon Shortridge:** Whenever key staff leave, it does cause a problem. There are no two ways about that. However, that is one of the problems that, as managers in large, complex organisations, you have to be able to cope with. On recruitment times, it is the case that in the period up to November 2002, appointments were probably taking up to about four months to complete. We are now seeking to get that down, through our new arrangements, to somewhere between 12 and 16 weeks. However, certainly when you go to open competition, even when you have made an appointment, it can take up to three months for someone to join you. I think that one just has to acknowledge that while, increasingly, under our new recruitment policies—which are being introduced in September—things will be getting better, there will always be a problem that we have to cope with in terms of filling vacancies, and then, having filled the vacancies, making sure that those appointed are fully trained and up-to-speed to do the work.

**Dr Roberts:** I will add to that from a WEFO perspective, if I may. Much of the turbulence, if you like, within the staffing numbers has been as a result of WEFO staff moving within WEFO. We have been very keen to keep the expertise that we have within the organisation. That has, indeed, happened. So, for example, when the new article 4 team was established, a number of applicants came

hynny, lle ceir rhyw fath o farchnad gyflogaeth fewnol, ond cystadleuaeth deg ac agored, mae pobl yn manteisio ar gyfleoedd i ddatblygu ac, felly, mae cryn dipyn o ansefydlogrwydd yn y system. Mae hynny'n rhywbeth yr ydym wedi gorfod ei reoli fel rhan o sefydlu'r Cynulliad, a'i gynorthwyo i aeddfedu.

[5] **Janet Davies:** Iawn. Os oes llawer o staff yn gadael ar yr un pryd, a fydd hynny'n achosi problemau difrifol? Credaf fod y broses recriwtio yn un gymharol hir ar adegau.

**Syr Jon Shortridge:** Pryd bynnag y bydd staff allweddol yn gadael, mae'n achosi problem. Nid oes amheuaeth am hynny. Fodd bynnag, dyna un o'r problemau, fel rheolwyr sefydliadau cymhleth mawr, y mae'n rhaid i chi allu ymdopi â hwy. O ran amseroedd recriwtio, yn y cyfnod hyd at fis Tachwedd 2002, mae'n debyg fod penodiadau'n cymryd hyd at oddeutu pedwar mis i'w cwblhau. Yr ydym yn ceisio cael hynny i lawr yn awr, drwy ein trefniadau newydd, i rywbeth rhwng 12 ac 16 wythnos. Fodd bynnag, yn sicr wrth i chi fynd i gystadleuaeth agored, hyd yn oed ar ôl i chi benodi, gall gymryd hyd at dri mis i rywun ymuno â chi. Credaf fod yn rhaid cydnabod, yn fwyfwy, dan ein polisiau recriwtio newydd—sy'n cael eu cyflwyno ym mis Medi—y bydd pethau'n gwella, bydd problemau bob amser i ni orfod ymdopi â hwy o ran llenwi swyddi gwag, ac yna, ar ôl llenwi'r swyddi gwag, sicrhau bod y sawl a benodir yn cael eu hyfforddi'n llawn ac yn gallu gwneud y gwaith.

**Dr Roberts:** Yr wyf am ychwanegu at hynny o safbwynt WEFO, os y caf. Mae llawer o'r ansefydlogrwydd, os y dymunwch, o fewn y niferoedd staffio wedi deillio o staff WEFO yn symud o fewn WEFO. Yr ydym wedi bod yn awyddus iawn i gadw'r arbenigedd sydd gennym o fewn y sefydliad. Mae hynny, yn wir, wedi digwydd. Felly, er enghraifft, pan sefydlwyd y tîm erthygl 4



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from within WEFO and, indeed, a number of the appointments were from within WEFO. That does raise issues for us in terms of back-filling posts, but at least the expertise is retained within the organisation, which, as I say, we are very keen to encourage.

[6] **Janet Davies:** I take it, then, that there is not a huge impact from WEFO staff moving to other parts of the Assembly, but what sort of steps are you taking to ensure that that is kept to a minimum? You obviously do not want to cut it out all together.

**Dr Roberts:** As I say, as an organisation we very much value our staff, but we do want to encourage people to move around. It is obviously up to the individual how they want to do that. I think, as Sir Jon has said, that recruitment processes have considerably improved in recent months, and that the rate of vacancies should decline. Nevertheless, as Chief Executive, I would want to see staff moving around between the various components that we have within WEFO, because they have something to add throughout the organisation.

[7] **Janet Davies:** Lastly, before I move on to Leighton, may I ask about the plans to move to Merthyr? Is that going to have an impact on staff vacancies? Are there going to be staff who would not wish to move there?

**Dr Roberts:** Yes, indeed. As you say, Chair, some staff, for a variety of reasons, do not want to move to Merthyr, although I would say that, in WEFO's case, the numbers are fairly small because, from a WEFO perspective, it is the Cardiff and Cwm Cynon offices that are moving to Merthyr. So, for the Cwm Cynon staff at least, it is only a fairly small journey up the A470. However, yes, some staff have indicated that they do not want to move. We are managing that process, together with the staff concerned, and, indeed, we have a specialist human resources team

newydd, daeth nifer o'r ymgeiswyr o WEFO ac, yn wir, yr oedd nifer o'r penodiadau o WEFO. Mae hynny'n codi cwestiynau i ni o ran ôl-lenwi swyddi, ond o leiaf mae'r arbenigedd yn cael ei gadw yn y sefydliad, ac yr ydym, fel y dywedais, yn awyddus iawn i annog hynny.

[6] **Janet Davies:** Yr wyf yn cymryd, felly, nad oes effaith enfawr yn sgil staff WEFO yn symud i rannau eraill o'r Cynulliad, ond pa fath o gamau yr ydych yn eu cymryd i sicrhau bod hyn yn digwydd mor anaml â phosibl? Nid ydych yn amlwg am ddileu hyn yn llwyr.

**Dr Roberts:** Fel y dywedais, fel sefydliad yr ydym yn gwerthfawrogi ein staff, ond yr ydym am annog pobl i symud o gwmpas. Dewis yr unigolyn yn amlwg yw sut maent am wneud hynny. Credaf, fel y dywedodd Syr Jon, fod prosesau recriwtio wedi gwella cryn dipyn yn y misoedd diwethaf, ac y dylai'r gyfradd swyddi gwag ostwng. Fodd bynnag, fel Prif Weithredwr, byddwn am weld staff yn symud o gwmpas rhwng yr adrannau amrywiol sydd gennym yn WEFO, oherwydd bod ganddynt rywbeth i'w ychwanegu ledled y sefydliad.

[7] **Janet Davies:** Yn olaf, cyn i mi symud ymlaen at Leighton, a gaf fi ofyn am y cynlluniau i symud i Ferthyr? A fydd hynny'n effeithio ar swyddi gwag? A fydd staff na fyddent yn symud yno?

**Dr Roberts:** Oes, yn wir. Fel y dywedaisoch, Gadeirydd, nid yw rhai aelodau staff, am amrywiaeth o resymau, am symud i Ferthyr, er y byddwn yn dweud, yn achos WEFO, fod y niferoedd yn gymharol isel oherwydd, o safbwynt WEFO, swyddfeydd Caerdydd a Chwm Cynon sy'n symud i Ferthyr. Felly, o ran staff Cwm Cynon o leiaf, taith fer yn unig ydyw i fyny'r A470. Fodd bynnag, oes, mae rhai aelodau staff wedi nodi nad ydynt am symud. Yr ydym yn rheoli'r broses honno, ynghyd â'r staff dan sylw, ac, yn wir, mae gennym dîm adnoddau

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working on that at the moment. So I am very confident that that process can be managed properly.

[8] **Janet Davies:** Okay, thank you. Leighton?

[9] **Leighton Andrews:** May I refer you to paragraphs 2.11 and 2.12, relating to WEFO's information systems and information technology systems? You are looking at introducing a new management information system from January 2007, which is obviously timed to coincide with the Merlin changes. Would it not be perfectly feasible for you to introduce within a shorter period, and perhaps more modestly, an improved system?

**Sir Jon Shortridge:** I will start and then perhaps hand over to Emyr. As we all know, the design and implementation of information systems is quite a high-risk activity, and we have a business here that is up and running. As the report indicates, we are having to manage a large number of delivery risks. When WEFO was established, it essentially had a number of legacy information systems, and the view was taken, rightly in my view, that all it could do in these circumstances was adapt and improve those information systems to meet the immediate needs of the new programmes. That continues to be our short-term strategy. So, under Merlin, we have some priority schemes that will come on-stream very shortly, I hope, which will be making further improvements to the systems that WEFO is currently operating and which will be addressing some of the issues in this report. The longer-term intention is to use Merlin to produce a fully integrated web-enabled system, which will deal with all the various grant schemes under the structural funds, and that will be in place for the end of these programmes in 2006. That is the intention and that seems to me to be the wise, prudent course to adopt. The systems that we have at the moment

dynol arbenigol yn gweithio ar hynny ar hyn o bryd. Felly yr wyf yn hyderus y gellir rheoli'r broses honno'n iawn.

[8] **Janet Davies:** Iawn, diolch. Leighton?

[9] **Leighton Andrews:** A gaf fi eich cyfeirio at baragraffau 2.11 a 2.12, sy'n ymwneud â systemau gwybodaeth a systemau technoleg gwybodaeth WEFO? Yr ydych yn gobeithio cyflwyno system wybodaeth reoli newydd o fis Ionawr 2007, sydd yn amlwg wedi'i amseru i gyd-daro â newidiadau Merlin. Oni fyddai'n gwbl ymarferol i chi gyflwyno o fewn cyfnod byrrach, ac efallai yn fwy rhesymol, gwell system?

**Syr Jon Shortridge:** Yr wyf am gychwyn ac yna trosglwyddo i Emyr o bosibl. Fel y gwyddom i gyd, mae cynllunio a gweithredu systemau gwybodaeth yn weithgarwch risg uchel, ac mae gennym fusnes yma sydd ar ei draed. Fel y mae'r adroddiad yn nodi, yr ydym yn gorfod rheoli nifer sylweddol o risgiau darparu. Pan sefydlwyd WEFO, yr oedd ganddo nifer o systemau gwybodaeth a etifeddwyd yn y bôn, a phenderfynwyd, yn gywir yn fy marn i, mai'r cwbl y gallai ei wneud dan yr amgylchiadau hyn oedd mabwysiadu a gwella'r systemau gwybodaeth hynny i fodloni anghenion uniongyrchol y rhaglenni newydd. Dyna ein strategaeth tymor byr o hyd. Felly, dan Merlin, mae gennym rai cynlluniau blaenoriaeth a fydd yn cael eu rhoi ar waith yn fuan iawn, yr wyf yn gobeithio, a fydd yn gwneud gwelliannau pellach i'r systemau y mae WEFO yn eu gweithredu ar hyn o bryd ac a fydd yn mynd i'r afael â rhai o'r materion yn yr adroddiad hwn. Y bwriad yn y tymor hwy yw defnyddio Merlin i gynhyrchu system y gellir ei gweithredu ar y we cwbl integredig, a fydd yn delio â'r holl gynlluniau grant amrywiol dan y cronfeydd strwythurol, ac a fydd ar waith ar gyfer diwedd y rhaglenni hyn yn 2006.

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are not perfect, but, as this report indicates, they are not so flawed that we are unable to deliver very effectively at the moment.

[10] **Leighton Andrews:** Okay. Is there any danger that, because you want to operate within the Merlin framework, you are slowing up the improvement of WEFO's management systems?

**Sir Jon Shortridge:** Yes and no, I suppose. It is the case that, because we had this major Merlin procurement, we did take the decision that we were not going to seek to develop a fully integrated system until we had the new Merlin platform in place and until we had our new Merlin partners agreed. The negotiations for the Merlin contract, as this committee may discover in months to come, was a very professional two-year process. It absorbed a lot of our IT management capacity centrally. So, to be seeking to introduce a major new information system such as this alongside those negotiations would have been pretty risky. In any case, at least one of the potential Merlin suppliers did object to the thought that we would be changing our systems so radically at a time when they had to define their bid, because we would be moving the goalposts. So, we did take the view that the most appropriate course of action to take was the one that we are taking. It does mean, as you were indicating or implying, that we are having to manage with systems that are still less than perfect.

[11] **Leighton Andrews:** Is it fair to say that that is also the case for users, or applicants I should say? A web-enabled system would be simpler for applicants.

**Sir Jon Shortridge:** Yes, indeed.

Dyna'r bwriad ac ymddengys i mi mai dyna'r llwybr doeth, call i'w fabwysiadu. Nid yw'r systemau sydd gennym ar hyn o bryd yn berffaith, ond, fel y mae'r adroddiad hwn yn nodi, nid ydynt mor ddiffygiol fel nad ydym yn gallu darparu'n effeithiol iawn ar hyn o bryd.

[10] **Leighton Andrews:** Iawn. A oes unrhyw berygl, oherwydd eich bod am weithredu o fewn fframwaith Merlin, eich bod yn arafu'r gwelliannau i systemau rheoli WEFO?

**Syr Jon Shortridge:** Oes a nac oes, mae'n debyg. Y gwir yw, oherwydd ein bod wedi cael caffael Merlin a oedd yn sylweddol, penderfynasom nad oeddem yn mynd i geisio datblygu system gwbl integredig tan i ni gael llwyfan newydd Merlin yn ei le a than i'n partneriaid Merlin newydd gytuno. Yr oedd y trafodaethau ar gyfer contract Merlin, fel y bydd y pwyllgor hwn yn ei ddarganfod yn y misoedd nesaf o bosibl, yn broses ddwy flynedd broffesiynol iawn. Defnyddiodd lawer o'n gallu rheoli TG yn ganolog. Felly, byddai ceisio cyflwyno system wybodaeth newydd sylweddol fel hyn ochr yn ochr â'r trafodaethau hynny wedi bod yn eithaf peryglus. Beth bynnag, yr oedd o leiaf un o ddarpar gyflenwyr Merlin yn gwrthwynebu'r syniad y byddem yn newid ein systemau mor radical ar adeg pan yr oedd yn rhaid iddynt ddiffinio eu cynnig, oherwydd byddem yn symud y pyst. Felly, penderfynasom mai'r camau mwyaf priodol i'w cymryd fyddai'r camau yr ydym yn eu cymryd. Mae'n golygu, fel yr oeddech yn ei nodi neu'n ei awgrymu, ein bod yn gorfod ymdopi â systemau sy'n parhau'n llai na pherffaith.

[11] **Leighton Andrews:** A yw'n deg dweud fod hynny'n wir hefyd i ddefnyddwyr, neu a ddylwn ddweud ymgeiswyr? Byddai system y gellir ei gweithredu ar y we yn fwy syml i ymgeiswyr.

**Syr Jon Shortridge:** Byddai, yn wir.

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[12] **Leighton Andrews:** Am I right in saying that you did not carry out any cost-benefit analysis of the decision not to enhance the current system?

**Sir Jon Shortridge:** I am not aware that we did. This was really a decision of principle as opposed to working up a business case and taking the decision on that basis.

[13] **Leighton Andrews:** So, you have not quantified the administrative savings that might have been realised by enhancing the current system temporarily?

**Sir Jon Shortridge:** No, but Emyr may want to come in on that.

**Dr Roberts:** No, but, obviously, we are working up a full business case for the new IT system, including efficiency savings.

[14] **Janet Davies:** Right, thank you. We now move on to part 3 of the report, 'Getting the right projects'. Christine, do you have a question?

[15] **Christine Gwyther:** Thank you, Chair. I would say that getting the right projects is the single most important function of all the programme partners, and it is very important that we manage to do that. One of the main prerequisites for getting an application through is to prove that match funding is available. There have been problems with match funding. In part 3 of the report, and specifically paragraph 3.7, it says that the match funding position has tightened considerably. Given that, are you confident, to use the Welsh Assembly Government mantra, that no good project will fail for lack of match funding?

**Sir Jon Shortridge:** I will begin—Helen may want to come in with more detail. It

[12] **Leighton Andrews:** A yw'n gywir dweud na fu i chi gynnal unrhyw ddadansoddiad cost a budd o'r penderfyniad i beidio â gwella'r system gyfredol?

**Syr Jon Shortridge:** Nid wyf yn ymwybodol ein bod wedi gwneud hynny. Yr oedd hwn mewn gwirionedd yn benderfyniad o egwyddor yn hytrach na llunio achos busnes a phenderfynu ar y sail honno.

[13] **Leighton Andrews:** Felly, nid ydych wedi mesur yr arbedion gweinyddol a allai fod wedi'u gwneud drwy wella'r system gyfredol dros dro?

**Syr Jon Shortridge:** Na, ond efallai y bydd Emyr am gyfrannu ar hynny.

**Dr Roberts:** Na, ond, yn amlwg, yr ydym yn llunio achos busnes llawn ar gyfer y system TG newydd, gan gynnwys arbedion drwy wella effeithlonrwydd.

[14] **Janet Davies:** Iawn, diolch. Yr ydym yn awr am symud ymlaen i ran 3 yr adroddiad, 'Cael y prosiectau iawn'. Christine, a oes gennych gwestiwn?

[15] **Christine Gwyther:** Diolch, Gadeirydd. Byddwn yn dweud mai cael y prosiectau iawn yw swyddogaeth bwysicaf holl bartneriaid y rhaglen, ac mae'n bwysig iawn ein bod yn gallu gwneud hynny. Un o'r prif ragangenrheidiau ar gyfer cyflwyno cais yw profi bod arian cyfatebol ar gael. Mae problemau wedi bod gydag arian cyfatebol. Yn rhan 3 yr adroddiad, ac ym mharagraff 3.7 yn benodol, mae'n dweud fod y sefyllfa arian cyfatebol wedi tynhau'n sylweddol. O ystyried hynny, a ydych yn hyderus, i ddefnyddio mantra Llywodraeth Cynulliad Cymru, na fydd unrhyw brosiect da yn methu oherwydd diffyg arian cyfatebol?

**Syr Jon Shortridge:** Yr wyf am ddechrau—efallai y bydd Helen am

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is my understanding, in the case of Objective 1 at the moment, that we already have committed 76 per cent of the public match funding that we need, and 69 per cent of the private match funding that we need. So, actually, the overall match funding position is currently very strong. There is obviously then the situation where a good project comes forward and yet the project sponsor is struggling to find match funding. However, I am not aware that we have ever had such a situation and not been able to overcome it. We will always look to the project sponsor in the first instance to find the match funding, because that is the system that we are operating here, and the underlying philosophy of structural funds is that there has to be local commitment to match European commitment for the project to go forward. If you have projects where the sponsors themselves do not really have sufficient confidence in it to want to be able to find the money, then that is quite a fundamental issue. Equally, we are aware that some sponsors have much readier access to match funding than others, but we have a whole range of systems, which Emyr and Helen can go into if you wish, to help project sponsors in those circumstances and, as you well know, the Assembly Government does act as the match funder of last resort. I think that those systems have, on the whole, worked very well.

[16] **Christine Gwyther:** I would quite like to go into P2P—Pathway to Prosperity—in a minute. However, before that, you say that you specifically and routinely monitor the availability and take-up of match funding at a programme level. Is that kept at a running total, or do you intervene several times per year? What are the mechanics of that?

**Mrs Usher:** We are monitoring the

gyfrannu gyda rhagor o fanylion. O'r hyn yr wyf yn ei ddeall, yn achos Amcan 1 ar hyn o bryd, yr ydym eisoes wedi ymrwymo 76 y cant o'r arian cyfatebol cyhoeddus sydd ei angen arnom, a 69 y cant o'r arian cyfatebol preifat sydd ei angen arnom. Felly, mewn gwirionedd, mae'r sefyllfa arian cyfatebol cyffredinol yn gryf iawn ar hyn o bryd. Yna mae'n amlwg bod sefyllfa lle mae prosiect da yn cael ei gyflwyno ond eto mae noddwr y prosiect yn cael anhawster dod o hyd i arian cyfatebol. Fodd bynnag, nid wyf yn ymwybodol ein bod erioed wedi dod ar draws sefyllfa o'r fath a methu ei datrys. Byddwn wastad yn gofyn i noddwyr prosiectau ddod o hyd i'r arian cyfatebol i ddechrau, oherwydd mai dyna'r system yr ydym yn ei gweithredu yma, a damcaniaeth sylfaenol cronfeydd strwythurol yw bod yn rhaid cael ymrwymiad lleol i gyfateb i ymrwymiad Ewropeaidd er mwyn i'r prosiect fynd yn ei flaen. Os oes gennych brosiectau lle nad oes gan y noddwyr eu hunain ddigon o hyder ynddo i allu dod o hyd i'r arian, yna mae hynny'n fater eithaf sylfaenol. Yn yr un modd, yr ydym yn ymwybodol fod gan rai noddwyr fynediad llawer haws i arian cyfatebol nag eraill, ond mae gennym amrywiaeth helaeth o systemau, y gall Emyr a Helen fanylu arnynt os y dymunwch, i gynorthwyo noddwyr prosiectau dan yr amgylchiadau hynny ac, fel y gwyddoch yn iawn, mae Llywodraeth y Cynulliad yn gweithredu fel yr ariannwr cyfatebol os aiff hi i'r pen. Credaf fod y systemau hynny, ar y cyfan, wedi gweithio'n dda iawn.

[16] **Christine Gwyther:** Hoffwn fanylu ar P2P—Ffordd i Ffyniant—mewn munud. Fodd bynnag, cyn hynny, yr ydych yn dweud eich bod yn monitro'r arian cyfatebol sydd ar gael ac sy'n cael ei gymryd ar lefel rhaglen yn benodol ac yn rheolaidd. A yw hynny'n cael ei gadw ar gyfanswm perfformio, neu a ydych yn ymyrryd sawl gwaith y flwyddyn? Beth yw mecanweithiau hynny?

**Mrs Usher:** Yr ydym yn monitro'r

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whole programme, not just the European spend. We are looking at how the match is coming in, and we do this on a measure-by-measure basis. We have been taking monthly checks on the whole programme but, twice this year already, we have sat down to look at the big picture. So, is the match in the right place for where it is needed and for where we have commitments with the commission? It so happened that we sat down with all of our programme managers yesterday and said, 'Okay, what does the match look like in your particular measures, is there sufficient money coming through, and does this mean that we need to leave the requirement to get that match in that measure, or should we move it around our programmes to make sure that we can achieve the financial tables that we have agreed with the commission?'

**Dr Roberts:** If I may add to that briefly, I think that one of the advantages of WEFO no longer being an executive agency is that we are able to work even more closely with our colleagues in other Assembly departments. Whenever an issue comes up on match funding, we are able to go immediately to those people who have possible match funding pots and discuss it with them. I might add also that, in terms of the group that Helen referred to, the Welsh Development Agency, which is obviously a very important delivery organisation for us, is represented on this group, so we can discuss face to face issues such as match funding immediately.

[17] **Christine Gwyther:** When you carried out that exercise this week, were there any serious shortfalls in any of the measures?

**Mrs Usher:** We are still working on the original match funding tables that we put to the commission in 2000, so we are looking at an exercise that makes the tables look more appropriate for what we

rhaglen gyfan, nid y gwariant Ewropeaidd yn unig. Yr ydym yn edrych ar sut y mae'r arian cyfatebol yn dod i mewn, ac yr ydym yn gwneud hyn ar sail mesur-wrth-fesur. Yr ydym wedi bod yn cadw llygad misol ar y rhaglen gyfan ond, ddwywaith eleni'n barod, yr ydym wedi eistedd i lawr ac edrych ar y darlun mawr. Felly, a yw'r arian cyfatebol yn y lle cywir ar gyfer lle mae ei angen ac ar gyfer lle mae gennym ymrwymadau gyda'r comisiwn? Fel mae'n digwydd, eisteddasom i lawr gyda'n holl reolwyr rhaglen ddoe a dweud, 'Iawn, sut mae'r arian cyfatebol yn edrych yn eich mesurau penodol chi, a oes digon o arian yn dod trwodd, ac a yw hyn yn golygu ein bod angen gadael y gofyniad i gael yr arian cyfatebol hwnnw yn y mesur hwnnw, neu a ddylem ei symud o gwmpas ein rhaglenni i sicrhau y gallwn gyflawni'r tablau ariannol yr ydym wedi cytuno arnynt gyda'r comisiwn?'

**Dr Roberts:** Os y caf ychwanegu at hynny'n gryno, credaf mai un o fanteision nad yw WEFO yn asiantaeth weithredol bellach yw ein bod yn gallu gweithio'n agosach hyd yn oed gyda'n cydweithwyr mewn adrannau eraill yn y Cynulliad. Pryd bynnag fo mater yn codi o ran arian cyfatebol, gallwn fynd yn syth at y bobl hynny sydd â chronfeydd arian cyfatebol posibl a thrafod hyn gyda hwy. Hoffwn ychwanegu hefyd, o ran y grŵp yr oedd Helen yn cyfeirio ato, mae Awdurdod Datblygu Cymru, sydd yn amlwg yn sefydliad darparu pwysig iawn i ni, yn cael ei gynrychioli ar y grŵp hwn, felly gallwn drafod materion fel arian cyfatebol wyneb-yn-wyneb yn syth.

[17] **Christine Gwyther:** Pan y bu i chi gynnal yr ymarfer hwnnw yr wythnos hon, a oedd unrhyw ddiffygion difrifol mewn unrhyw un o'r mesurau?

**Mrs Usher:** Yr ydym yn dal i weithio ar y tablau arian cyfatebol gwreiddiol a gyflwynwyd i'r comisiwn yn 2000, felly yr ydym yn edrych ar ymarfer sy'n gwneud i'r tablau edrych yn fwy priodol

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know are the current conditions. So we are about to do some virements between measures so that we can match the availability with the requirements.

**Dr Roberts:** Overall, there is no problem, as Sir Jon indicated. Some particular measures have more public sector match funding than anticipated, and some have less and, as Helen indicated, we are trying to even this out over the remainder of the programme.

[18] **Christine Gwyther:** May I move on to P2P very briefly, Chair?

[19] **Janet Davies:** Yes.

[20] **Christine Gwyther:** I am quite interested in how you see the culture of this funding pot. Is it just being seen by businesses and organisations out there as a slush fund that is very easy to access, and does it need to be tightened up, for whatever reason? Could you comment on whether the culture has been incorrect in the past and has it been sorted?

**Dr Roberts:** The criteria for the fund have not changed, but I think that it is fair to say that in the early days, we perhaps did not press project sponsors as hard as we might have in order to find alternative sources of match funding. So certainly, in the early days—and, obviously, there were pressures to get the programme underway and get projects off the ground—we probably did not question, or challenge, if you like, project sponsors as much as we would today. Now that we have a clear pattern on P2P, we are aware that many of the project sponsors could get match funding from alternative sources and we have increasingly challenged people on that basis and, to be frank, it has worked quite well in that, in many cases, project sponsors have found alternative and more appropriate sources or, in fact, have actually found the match

ar gyfer yr hyn y gwyddom yw'r amodau cyfredol. Felly yr ydym ar fin gwneud trosglwyddiadau arian rhwng mesurau er mwyn i ni allu sicrhau bod yr arian sydd ar gael yn cyfateb i'r gofynion.

**Dr Roberts:** Yn gyffredinol, nid oes problem, fel y dywedodd Syr Jon. Mae gan rai mesurau penodol fwy o arian cyfatebol sector cyhoeddus na'r disgwyl, ac mae gan rai lai ac, fel y dywedodd Helen, yr ydym yn ceisio cydbwysu hynny yn ystod gweddill y rhaglen.

[18] **Christine Gwyther:** A gaf fi symud ymlaen i P2P yn fyr iawn, Gadeirydd?

[19] **Janet Davies:** Cewch.

[20] **Christine Gwyther:** Mae gennyf gryn ddiddordeb yn y ffordd yr ydych yn ystyried diwylliant y gronfa arian hon. Mae'n cael ei hystyried gan fusnesau a sefydliadau allan yno fel cronfa gil-dwrn sy'n hawdd iawn i gael mynediad iddi, ac a oes angen ei chyfyngu, am ba reswm bynnag? A ellwch roi sylwadau ar pa un a yw'r diwylliant wedi bod yn anghywir yn y gorffennol ac a aethpwyd i'r afael â hyn?

**Dr Roberts:** Nid yw'r meini prawf ar gyfer y gronfa wedi newid, ond credaf y byddai'n deg dweud yn y dyddiau cynnar, efallai nad oeddem yn rhoi digon o bwysau ar noddwyr prosiectau er mwyn iddynt ddod o hyd i ffynonellau arian cyfatebol gwahanol. Felly yn sicr, yn y dyddiau cynnar—ac, yn amlwg, yr oedd pwysau i gael y rhaglen ar ei thraed a chael prosiectau ar waith—mae'n debyg nad oeddem yn cwestiynu, neu'n herio, os y dymunwch, noddwyr y prosiectau cymaint ag y byddem yn ei wneud heddiw. Mae gennym batrwm clir o ran P2P yn awr, ac yr ydym yn ymwybodol y gallai llawer o noddwyr y prosiectau gael arian cyfatebol o ffynonellau gwahanol ac yr ydym wedi bod yn herio pobl fwyfwy ar y sail honno ac, i fod yn blwmp ac yn blaen, mae wedi gweithio'n eithaf da oherwydd, mewn sawl achos,

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funding from private sources. So I think that, as I said, the criteria are the same; the way that we are applying them has probably been more rigorous in recent months.

[21] **Christine Gwyther:** Would you say that that is now manageable?

**Dr Roberts:** The demand certainly is manageable, and only a fairly small proportion of projects now come to P2P as a fund of last resort and we still approve projects for match funding out of P2P.

**Sir Jon Shortridge:** May I just say that, at a very strategic level, I obviously take an interest in all the budgets within the Assembly's programmes because I have a personal responsibility for them, and so I do take very seriously the commitment that the Assembly should be the funder of last resort because we do not want to see good projects failing because they do not have the match funding. Just as with all budgets in the Assembly when they come under pressure, for reasons that you cannot anticipate, but you know that some of them will, I look strategically at whether there are things that need to be done to enhance particular budgets. The basic philosophy that I always have is that, if a particular portfolio or main expenditure group is under pressure, that MEG should find a solution to its problems in the first instance, which is what has been happening in the past on P2P. However, if that individual MEG could not sort it out in-year, I would be looking for other ways to adjust the Assembly's budget to ensure that that commitment was met.

[22] **Alun Cairns:** A couple of points come out of the questions that Christine Gwyther asked. Mr Roberts, you

mae noddwyr prosiectau wedi dod o hyd i ffynonellau gwahanol a mwy priodol neu, mewn gwirionedd, wedi cael yr arian cyfatebol o ffynonellau preifat. Felly credaf, fel y dywedais, fod y meini prawf yr un fath; mae'r ffordd yr ydym wedi bod yn eu gweithredu yn fwy llym yn y misoedd diwethaf o bosibl.

[21] **Christine Gwyther:** A fyddech yn dweud fod hynny'n hawdd ei drin bellach?

**Dr Roberts:** Mae'n hawdd trin y galw yn sicr, a dim ond cyfran gymharol fach o brosiectau sy'n dod at P2P fel cronfa derfynol ac yr ydym yn parhau i gymeradwyo prosiectau ar gyfer arian cyfatebol allan o P2P.

**Syr Jon Shortridge:** A gaf fi ddweud, ar lefel strategol iawn, fy mod yn amlwg yn ymddiddori yn yr holl gyllidebau o fewn rhaglenni'r Cynulliad oherwydd bod gennyf gyfrifoldeb personol amdanynt, ac felly yr wyf yn ystyried o ddifrif yr ymrwymiad mai'r Cynulliad ddylai fod y cyllidwr os aiff hi i'r pen oherwydd nad ydym am weld prosiectau da yn methu oherwydd nad oes ganddynt yr arian cyfatebol. Fel gyda phob cyllideb yn y Cynulliad pan fyddant dan bwysau, am resymau na allwch eu rhagweld, ond gwyddoch y bydd rhai ohonynt yn gwneud, yr wyf yn edrych yn strategol ar a oes pethau sy'n rhaid eu gwneud i wella cyllidebau penodol. Y ddamcaniaeth sylfaenol sydd gennyf drwy'r amser, os yw portffolio penodol neu brif grŵp gwariant dan bwysau, yw y dylai MEG ddod o hyd i ateb i'w broblemau yn y lle cyntaf, sef yr hyn sydd wedi bod yn digwydd yn y gorffennol ar P2P. Fodd bynnag, pe na gallai'r MEG unigol ei ddatrys o fewn blwyddyn, byddwn yn edrych ar ffyrdd eraill i addasu cyllideb y Cynulliad i sicrhau y bodlonwyd yr ymrwymiad hwnnw.

[22] **Alun Cairns:** Mae ambell bwynt yn deillio o'r cwestiynau y gofynnodd Christine Gwyther. Mr Roberts, bu i chi



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mentioned in one of your answers to Christine that because WEFO is no longer an executive agency, it places you in a much closer position to other departments, whereby you can then approach them for funding if there is a shortfall in match funding within a particular measure. So, are you suggesting that core budgets from other departments are being used, which was not originally envisaged?

**Dr Roberts:** What we have done is draw the attention of other departments and divisions within the Assembly to the possibilities opened up by structural funds. As I say, I think that one of the disadvantages of our being an executive agency was that there was a little bit of a gap between WEFO and the other Assembly divisions in terms of what structural funds could do. So, what we have been doing is talking to divisions and telling them how they can maximise their own core budgets through the use of structural funds. A good recent example is that we discussed with the Environment Division the possibility of enhancing its waste management programme through the use of structural funds. That has happened. It has used its core budget, which has increased the outputs and the coverage of that particular programme, by using structural funds. So, I think that this is an entirely natural process, and it is something that we are encouraging.

[23] **Alun Cairns:** If we can further pursue one of the answers that you gave to Christine Gwyther, you also mentioned the Pathway to Prosperity pot, and that you are challenging maybe somewhat more now than you were in the early days, which is understandable. However, as a consequence of that, will not a core budget, which would normally be spent on other things, have to be used by, say, the WDA for match funding within west Wales and the Valleys? So, effectively, other parts of Wales, which may well have benefited from WDA support, are

grybwyll yn un o'ch atebion i Christine, eich bod mewn sefyllfa lawer agosach i adrannau eraill, lle gallwch wedyn gysylltu â hwy i gael cyllid os oes diffyg mewn arian cyfatebol o fewn mesur penodol, a hynny am nad yw WEFO bellach yn asiantaeth weithredol. Felly, a ydych yn awgrymu bod cyllidebau craidd o adrannau eraill yn cael eu defnyddio, nas rhagwelwyd yn y lle cyntaf?

**Dr Roberts:** Yr hyn yr ydym wedi'i wneud yw tynnu sylw adrannau ac is-adrannau eraill o fewn y Cynulliad at y posibiladau a agorir gan y cronfeydd strwythurol. Fel y dywedais, credaf mai un o'r anfanteision o fod yn asiantaeth weithredol oedd bod rhywfaint o fwllch rhwng WEFO ac is-adrannau eraill y Cynulliad o ran yr hyn y gallai cronfeydd strwythurol ei wneud. Felly, yr hyn yr ydym wedi bod yn ei wneud yw siarad ag is-adrannau a dweud wrthynt sut y gallant fanteisio i'r eithaf ar eu cyllidebau craidd eu hunain drwy ddefnyddio cronfeydd strwythurol. Enghraifft dda ddiweddar yw ein bod wedi trafod gydag Is-Adran yr Amgylchedd y posibilrwydd o ehangu ei rhaglen rheoli gwastraff drwy ddefnyddio cronfeydd strwythurol. Mae hynny wedi digwydd. Mae wedi defnyddio ei chyllideb craidd, sydd wedi cynyddu allbynnau a chwmpas y rhaglen benodol honno, drwy ddefnyddio cronfeydd strwythurol. Felly, credaf fod hon yn broses gwbl naturiol, ac mae'n rhywbeth yr ydym yn ei annog.

[23] **Alun Cairns:** Os y cawn drafod ymhellach un o'r atebion y bu i chi ei roi i Christine Gwyther, crybwyllasoch hefyd y gronfa Ffordd i Ffyniant, a'ch bod yn herio ychydig yn fwy yn awr o bosibl nag yr oeddech yn y dyddiau cynnar, sy'n ddealladwy. Fodd bynnag, o ganlyniad i hynny, oni fydd yn rhaid defnyddio cyllideb graidd, a fyddai'n cael ei gwario fel arfer ar bethau eraill, gan, dywedwch, y WDA ar gyfer arian cyfatebol yn y gorllewin a'r Cymoedd? Felly, i bob pwrpas, mae rhannau eraill o Gymru, a allai fod wedi elwa ar gefnogaeth WDA,

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missing out.

**Dr Roberts:** I think that it is up to each organisation or each part of the Assembly to decide where their real priorities lie. If, clearly, they want to fund a project that has come to Pathway to Prosperity, that is fine. If they do not, then we have a discussion with those Assembly divisions as to why and what alternative sources of match funding there might be. So, I think that it is a process of dialogue to sort out the priority that we attach to the projects. I think that I should also say that one of the clear remits given by the Minister for Economic Development and Transport following the mid-term evaluation was that the whole programme needs to be more strategic. That is certainly what we are doing, through that process, but also through delivering major strategic projects ourselves.

[24] **Alun Cairns:** I note from the answers that you have given that you have not really said that core budgets of spending elsewhere are not being used, so I must interpret that that is the case. However, is it not the reality then that, because there has been no match funding from the Treasury, core budgets are being used, which really means that we have to scrape together what we can? Is that not the reality?

**Dr Roberts:** No, I do not think so. It is certainly not a matter of scraping money together. What we are talking about is using the funds far more effectively. There is more of a tradition of co-funding—which is what we are talking about—in other words, putting Government programmes alongside structural funds programmes, in England and, indeed, in other member states, than we have adopted in Wales. At the outset of the programme this was very much a bottom-up programme. I think that the mid-term evaluation came out with a clear recommendation that we needed to

ar eu colled.

**Dr Roberts:** Credaf mai cyfrifoldeb pob sefydliad neu bob rhan o'r Cynulliad yw penderfynu ar eu blaenoriaethau gwirioneddol. Os ydynt, yn amlwg, am gyllido prosiectau sydd wedi'u cyflwyno i Ffordd i Ffyniant, mae hynny'n iawn. Os nad ydynt, yna byddwn yn trafod pam gyda'r is-adrannau hynny yn y Cynulliad a pha ffynonellau eraill o arian cyfatebol allai fod ar gael. Felly, credaf ei bod yn broses o drafod i benderfynu ar y flaenoriaeth a roddwn i'r prosiectau. Credaf y dylwn hefyd ddweud mai un o'r cylchoedd gwaith clir a roddwyd gan y Gweinidog dros Ddatblygu Economaidd a Thrafnidiaeth yn dilyn y gwerthusiad hanner-tymor oedd bod angen i'r holl raglen fod yn fwy strategol. Dyna'n sicr beth yr ydym yn ei wneud, drwy'r broses honno, ond hefyd drwy ddarparu prosiectau strategol pwysig ein hunain.

[24] **Alun Cairns:** Sylwaf o'r atebion yr ydych wedi'u rhoi nad ydych wedi dweud mewn gwirionedd nad yw cyllidebau craidd o wariant mewn manau eraill yn cael eu defnyddio, felly mae'n rhaid i mi ddehongli mai dyna'r achos. Fodd bynnag, onid y realiti felly, oherwydd na chafwyd arian cyfatebol gan y Trysorlys, yw mai cyllidebau craidd sy'n cael eu defnyddio, sy'n golygu mewn gwirionedd fod yn rhaid i ni geisio crafu ynghyd yr hyn y gallwn? Onid dyna'r gwir?

**Dr Roberts:** Na, nid wyf yn credu hynny. Yn sicr nid yw'n fater o grafu arian ynghyd. Yr hyn yr ydym yn sôn amdano yma yw defnyddio cronfeydd yn llawer mwy effeithiol. Mae mwy o draddodiad o gyd-gyllido—sef yr hyn yr ydym yn ei drafod—mewn geiriau eraill, rhoi rhaglenni'r Llywodraeth ochr yn ochr â rhaglenni cronfeydd strwythurol, yn Lloegr ac, yn wir, mewn aelod-wladwriaethau eraill, na'r hyn yr ydym wedi'i fabwysiadu yng Nghymru. Ar ddechrau'r rhaglen yr oedd hon yn rhaglen o'r gwaelod i fyny. Credaf fod y gwerthusiad hanner-tymor wedi rhoi

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be more strategic, looking at co-funding in order to maximise the impact of the programme and make those moneys go further.

[25] **Janet Davies:** Could I ask you then, Mr Roberts, if you are using part of the core funding, presumably you still have additionality there because otherwise, obviously, you would infringe European Commission rules?

**Dr Roberts:** Yes.

[26] **Janet Davies:** I would also like to ask, as you are obviously making sure that match funding is going where it is needed—into Objectives 1 and 2, and so on—whether there is any evidence that some very good projects may not actually be getting to the application stage because the sponsors cannot see any way to match fund them? I know that this is very difficult to gauge, but do you have any evidence of that?

**Dr Roberts:** I do not know of any evidence, Chair. What we always encourage project sponsors to do is, at a very early stage when they are developing their ideas or projects, to come to talk to us and we can then direct them as to what might be the appropriate source of match funding or who they should talk to. That process is very helpful because it weeds out projects that may be replicated elsewhere, and enables us to take a more strategic view of the merits of those projects. Therefore I am not aware of a situation where a project has been knocked on the head from the outset because of a lack of match funding. Indeed, it is the opposite—we work very closely with project sponsors to make those projects happen.

[27] **Mick Bates:** Moving to paragraphs 3.8 to 3.10, which outline issues relating

argymhelliad clir bod angen i ni fod yn fwy strategol, ac edrych ar gyd-gyllido er mwyn sicrhau bod y rhaglen yn cael yr effaith orau a gwneud i'r arian hwn fynd ymhellach.

[25] **Janet Davies:** A gaf fi ofyn i chi felly, Mr Roberts, os ydych yn defnyddio rhan o'r cyllid craidd, mae'n debyg fod gennych ychwanegedd yno oherwydd fel arall, yn amlwg, byddech yn torri rheolau'r Comisiwn Ewropeaidd?

**Dr Roberts:** Oes.

[26] **Janet Davies:** Yr wyf hefyd am ofyn, gan eich bod yn amlwg yn sicrhau bod yr arian cyfatebol yn mynd i ble bynnag y mae ei angen—i Amcanion 1 a 2, ac ati—a oes unrhyw dystiolaeth nad yw rhai prosiectau da iawn mewn gwirionedd yn cyrraedd y cam gwneud cais oherwydd na all y noddwyr weld unrhyw ffordd i'w hariannu'n gyfatebol? Gwn fod hyn yn anodd iawn i'w fesur, ond a oes gennych unrhyw dystiolaeth o hynny?

**Dr Roberts:** Ni wn am unrhyw dystiolaeth, Gadeirydd. Yr hyn yr ydym yn annog noddwyr prosiectau i'w wneud bob amser, mewn cyfnod cynnar iawn wrth iddynt ddatblygu eu syniadau neu brosiectau, yw dod i siarad â ni ac yna gallwn eu cyfarwyddo ynglŷn â'r ffynhonnell arian cyfatebol briodol neu gyda phwy y dylent siarad. Mae'r broses honno'n ddefnyddiol iawn oherwydd ei bod yn cael gwared ar brosiectau y gellid eu dyblygu mewn mannau eraill, ac mae'n ein galluogi i gael barn fwy strategol ar rinweddau'r prosiectau hynny. Felly nid wyf yn ymwybodol o sefyllfa lle y rhoddwyd y gorau i brosiect o'r cychwyn cyntaf oherwydd diffyg arian cyfatebol. Yn wir, i'r gwrthwyneb—yr ydym yn gweithio'n agos iawn â noddwyr prosiectau i wneud i'r prosiectau hynny ddigwydd.

[27] **Mick Bates:** Gan symud at baragraffau 3.8 i 3.10, sy'n amlinellu

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to the voluntary sector, the key issues that were raised were the accessibility of match funding, especially the co-ordination of several sources of match funding. The simplest method of providing match funding to small organisations is the key fund, but the report tells us that progress in establishing these has been limited. Particular problems exist in the voluntary sector for projects in terms of obtaining match funding. Are you satisfied that there are now enough key funds, and that the existing ones are effective?

**Dr Roberts:** I will take that one. Yes, I think that one of the things that did come out of the mid-term evaluation, as you say, is the need, particularly for voluntary organisations that do not have the capacity or resources to apply directly for structural funding, to be able to access intermediary or key funds. This is an agenda on which we have been working with the Wales Council for Voluntary Action and other more local voluntary organisations. There are now a large number of key funds operating on a local partnership basis. I would not say that there is total coverage within Wales, but most of the local partnerships do have a key fund for voluntary organisations. Therefore, I think that there is good coverage now and that we have made a lot of progress on that. I would also mention that the Wales Council for Voluntary Action itself has a fund called the social risk fund, which is precisely aimed at small community groups, and has a very much simplified application process, so that they can actually access funds directly. So I think that, both at a national and a local level, we have very good coverage now.

[28] **Mick Bates:** I think that that is an optimistic statement because, particularly in the area of community economic

materion sy'n ymwneud â'r sector gwirfoddol, y materion allweddol a godwyd oedd hygyrchedd arian cyfatebol, yn arbennig cydlynad sawl ffynhonnell o arian cyfatebol. Y ffordd symlaf o ddarparu arian cyfatebol i sefydliadau bach yw'r gronfa allweddol, ond mae'r adroddiad yn dweud wrthym y bu cynnydd cyfyngedig wrth sefydlu'r rhain. Mae problemau penodol yn bodoli yn y sector gwirfoddol ar gyfer prosiectau o ran cael gafael ar arian cyfatebol. A ydych yn fodlon fod digon o gronfeydd allweddol bellach, a bod y rhai cyfredol yn effeithiol?

**Dr Roberts:** Fe atebaf i hwn. Ydwyf, yr wyf yn credu mai un o'r pethau a ddeilliodd o'r gwerthusiad hanner-tymor, fel y dywedasoch, yw'r angen, yn arbennig ar gyfer sefydliadau gwirfoddol nad ydynt â'r gallu neu'r adnoddau i wneud cais yn uniongyrchol am gyllid strwythurol, i allu cael mynediad i gronfeydd canolradd neu allweddol. Mae hon yn agenda yr ydym wedi bod yn gweithio arni gyda Chyngor Gweithredu Gwirfoddol Cymru a sefydliadau gwirfoddol mwy lleol. Mae llawer o gronfeydd allweddol yn gweithredu bellach ar sail partneriaeth leol. Ni fyddwn yn dweud fod cwmpas cynhwysfawr yng Nghymru, ond mae gan y mwyafrif o'r partneriaethau lleol gronfa allweddol ar gyfer sefydliadau gwirfoddol. Felly, credaf fod cwmpas da bellach a'n bod wedi gwneud cryn gynnydd ar hynny. Byddwn hefyd yn crybwyll fod gan Gyngor Gweithredu Gwirfoddol Cymru ei hun gronfa o'r enw y gronfa risg gymdeithasol, sydd wedi'i llunio'n arbennig ar gyfer grwpiau cymuned bach, ac mae ganddi broses gwneud cais syml iawn, er mwyn iddynt allu cael mynediad i gronfeydd yn uniongyrchol. Felly credaf, yn genedlaethol ac yn lleol, fod gennym gwmpas da iawn yn awr.

[28] **Mick Bates:** Credaf fod hynny'n ddatganiad gobeithiol oherwydd, yn arbennig ym maes adfywio economaidd

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regeneration, currently, only half of local authorities have established key funds. This is an area which has one of the lowest grant commitment rates, and a lot of these small organisations are dependent on this. Why is that the case?

**Dr Roberts:** I only have figures for Objective 1 in front of me. I believe—making a quick tot up—that most Objective 1 local partnerships do have these key funds, and we can provide lists to the committee if that would be helpful. I do not know what area you are referring to.

[29] **Mick Bates:** I was referring to economic regeneration in particular.

**Dr Roberts:** Could we have further information on what the particular areas are? If there are any gaps, then, clearly, we are interested in closing those gaps.

[30] **Mick Bates:** Initially, there were tremendous delays in the east in Objective 3, where there was considerable confusion about how the 10 per cent match funding was to be obtained. Remember the nature of these voluntary organisations—they are often co-operatives based in small communities. There were massive delays, and I know of projects that were turned down simply because there was no co-ordination of existing funds to assist these co-operatives to get to the business. After detailed discussions, I know that WEFO decided it may be possible. However, this is the type of problem that I am referring to here, where co-ordinating these funds, and making sure that you understood the rules, actually delayed some applications, and some actually went down.

**Mrs Usher:** There are two things to say on that. On the 10 per cent, regarding the public sector, WEFO has relaxed the rule on that. So whereas before it was hard

cymunedol, ar hyn o bryd, dim ond hanner yr awdurdodau lleol sydd wedi sefydlu cronfeydd allweddol. Mae hwn yn faes gydag un o'r cyfraddau ymrwymiad grant isaf, ac mae llawer o'r sefydliadau bach hyn yn dibynnu ar hyn. Pam fod hyn yn wir?

**Dr Roberts:** Dim ond y ffigurau ar gyfer Amcan 1 sydd gennyf o'm blaen. Credaf—drwy fwrw golwg gyflym—fod gan y mwyafrif o bartneriaethau lleol Amcan 1 y cronfeydd allweddol hyn, a gallwn ddarparu rhestr i'r pwyllgor pe bai hynny'n ddefnyddiol. Nid wyf yn gwybod at ba faes yr ydych yn cyfeirio ato.

[29] **Mick Bates:** Yr oeddwn yn cyfeirio at adfywio economaidd yn benodol.

**Dr Roberts:** A oes modd i ni gael gwybodaeth bellach am beth yw'r meysydd penodol? Os oes unrhyw fylchau, yna, yn amlwg, mae gennym ddiddordeb mewn cau'r bylchau hynny.

[30] **Mick Bates:** I ddechrau, yr oedd oedi sylweddol yn y dwyrain gydag Amcan 3, lle yr oedd dryswch mawr ynglŷn â sut y gellid cael yr arian cyfatebol o 10 y cant. Cofiwch natur y sefydliadau gwirfoddol hyn—yn aml maent yn gydweithfeydd sydd wedi'u lleoli mewn cymunedau llai. Yr oedd oedi mawr, a gwn am brosiectau a wrthodwyd oherwydd na chydlynwyd cronfeydd cyfredol i gynorthwyo'r cydweithfeydd hyn i fynd ymlaen â'r busnes. Ar ôl trafodaethau manwl, gwn fod WEFO wedi penderfynu ei fod hwyrach yn bosibl. Fodd bynnag, dyma'r math o broblem yr wyf yn cyfeirio ati yma, lle mae cydlynu'r cronfeydd hyn, a sicrhau eich bod wedi deall y rheolau, wedi oedi rhai ceisiadau, a gwrthod rhai hyd yn oed.

**Mrs Usher:** Mae dau beth i'w ddweud ynglŷn â hynny. O ran y 10 y cant, yng nghyd-destun y sector cyhoeddus, mae WEFO wedi llacio'r rheol ar hynny. Felly

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and fast, we looked at it and said that if you could demonstrate that you could not access the 10 per cent, and the project was feasible without the 10 per cent—and the point that we were making earlier about ensuring that we had sufficient match funding in the whole programme to meet the commission’s requirements—then, subject to that, there is a relaxation on the 10 per cent requirement. We have been working closely with the WCVA, and its facilitators, to work with organisations, so that they know what the rules are regarding what they can and cannot do. However, I will give you some further information on that.

lle yr oedd yn hollol sicr yn y gorffennol, bu i ni edrych arno a dweud pe baech yn gallu dangos nad oedd yn bosibl ichi gael y 10 y cant, ac yr oedd y prosiect yn bosibl heb y 10 y cant—a’r pwynt yr oeddem yn ei wneud yn gynharach am sicrhau bod gennym ddigon o arian cyfatebol yn y rhaglen gyfan i fodloni gofynion y comisiwn—yna, yn amodol ar hynny, yr ydym wedi llacio’r rheol sydd yn gofyn am 10 y cant. Yr ydym wedi bod yn gweithio’n agos iawn gyda’r CGGC, a’i hwyluswyr, i weithio gyda sefydliadau, er mwyn iddynt wybod y rheolau o ran yr hyn y gallant ac na allant ei wneud. Fodd bynnag, byddaf yn rhoi peth gwybodaeth bellach i chi am hynny.

[31] **Mick Bates:** I hope that you can, because that was a crucial failure in the first two years, in that a lot of organisations could not access that 10 per cent funding. Can you provide figures to show me how the number of organisations getting into Objective 3 funding has increased?

[31] **Mick Bates:** Gobeithio y byddwch yn gallu, oherwydd yr oedd hynny’n fethiant hanfodol yn y ddwy flynedd gyntaf, oherwydd na allai llawer o sefydliadau gael mynediad i’r cyllid 10 y cant hwnnw. A allwch ddarparu ffigurau i ddangos i mi sut mae nifer y sefydliadau sy’n cael arian Amcan 3 wedi cynyddu?

**Mrs Usher:** We will look into the information. I do not know whether the answer will be that it has increased, but we will give you the figures.

**Mrs Usher:** Byddwn yn ymchwilio i’r wybodaeth. Nid wyf yn gwybod a fydd yr ateb yn dangos cynnydd, ond byddwn yn rhoi’r ffigurau i chi.

[32] **Mick Bates:** There were very few getting funding in the first year, because that was a big barrier.

[32] **Mick Bates:** Ychydig iawn a oedd yn cael cyllid yn y flwyddyn gyntaf, oherwydd fod hynny’n rhwystr mawr.

**Dr Roberts:** We will review the situation for Objective 3 from the community perspective, and provide further information to the committee.

**Dr Roberts:** Byddwn yn adolygu’r sefyllfa ar gyfer Amcan 3 o safbwynt y gymuned, ac yn darparu rhagor o wybodaeth i’r pwyllgor.

[33] **Janet Davies:** You could send a note to us. Thank you.

[33] **Janet Davies:** Gallech anfon nodyn atom. Diolch.

[34] **Mick Bates:** The Auditor General mentions the report by the WCVA, ‘The Voluntary Sector and Objective 1 in Wales’. Awareness raising and expertise available to the voluntary sector is a crucial thing, because very often, for small organisations, the administrative

[34] **Mick Bates:** Mae’r Archwilydd Cyffredinol yn crybwyll adroddiad CGGC, ‘Y Sector Gwirfoddol ac Amcan 1 yng Nghymru’. Mae codi ymwybyddiaeth a’r arbenigedd sydd ar gael i’r sector gwirfoddol yn beth hanfodol, oherwydd yn aml iawn, ar

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burden on these applicants is immense. Are you planning any additional action to improve accessibility to match funding for the voluntary sector and other sectors as well?

**Dr Roberts:** Again, I am not aware of any particular issues in here. We have strengthened the amount of facilitation available to community groups through the WCVA. I am not aware of a general issue remaining on match funding. Again, the review that we will do may show that.

[35] **Mick Bates:** In that case, I do not think that you are aware of many projects that I have come across, for example, where the co-ordination of match funding has almost ruined the whole project, because of the time needed to ensure that the package was in place. This is particularly relevant in Objective 2, although the WCVA report looked at Objective 1 in particular. Are you making efforts to examine the process whereby you put one fund in place when the partnership considers it, and then you need to get P2P or other funds, so that this works on a timetable that may fit a planning application? Very often, there are planning application deadlines that need to be met. If you do not have the funding in place, the whole project will go down. Have you undertaken work to examine the co-ordination of these match funds, to ensure that the project itself is not delayed? There are massive waits. A year is quite a short time in terms of getting the project through.

**Dr Roberts:** I think that the onus for a project, and finding the match funding, must remain with the project sponsor. Clearly, there are pressures on the voluntary sector because of the capacity that it has, and that is precisely why we have worked with the WCVA to put the facilitators in place. I am not aware of a significant issue here. In fact, in terms of

gyfer sefydliadau bach, mae'r baich gweinyddol ar yr ymgeiswyr hyn yn drwm iawn. A ydych yn cynllunio unrhyw gamau ychwanegol i wella hygyrchedd i arian cyfatebol ar gyfer y sector gwirfoddol a sectorau eraill hefyd?

**Dr Roberts:** Eto, nid wyf yn ymwybodol o unrhyw faterion penodol yma. Yr ydym wedi cryfhau cyfanswm yr hwylusiad sydd ar gael i grwpiau cymunedol drwy CGGC. Nid wyf yn ymwybodol o fater cyffredinol sy'n weddill o ran arian cyfatebol. Eto, efallai y bydd yr adolygiad y byddwn yn ei wneud yn dangos hynny.

[35] **Mick Bates:** Os felly, nid wyf yn credu eich bod yn ymwybodol o lawer o brosiectau yr wyf wedi dod ar eu traws, er enghraifft, lle mae cydlynu arian cyfatebol bron wedi difetha'r prosiect cyfan, oherwydd yr amser sydd ei angen i sicrhau fod y pecyn yn barod. Mae hyn yn berthnasol iawn o ran Amcan 2, er bod adroddiad CGGC yn edrych ar Amcan 1 yn benodol. A ydych yn ymdrechu i archwilio'r broses drwy roi un gronfa yn ei lle wrth i'r bartneriaeth ei hystyried, ac yna bydd angen i chi gael P2P neu gronfeydd eraill, er mwyn i hyn weithio o fewn amserlen a allai fod yn addas ar gyfer cais cynllunio? Yn aml iawn, mae terfynau amser cais cynllunio i'w bodloni. Os nad oes gennych y cyllid yn ei le, bydd yr holl brosiect yn chwalu. A ydych wedi gwneud unrhyw waith i archwilio cydlyniad yr arian cyfatebol hwn, i sicrhau nad yw'r prosiect ei hun yn cael ei ddal yn ôl? Mae amseroedd aros hirfaith. Mae blwyddyn yn gyfnod cymharol fyr i gael y prosiect ar waith.

**Dr Roberts:** Credaf fod yn rhaid i'r cyfrifoldeb am brosiect, a dod o hyd i'r arian cyfatebol, barhau gyda noddwyr prosiectau. Yn amlwg, mae pwysau ar y sector gwirfoddol oherwydd y gallu sydd ganddo, a dyna'n union pam ein bod wedi gweithio gyda CGGC i roi'r hwyluswyr ar waith. Nid wyf yn ymwybodol o unrhyw fater pwysig yma. Yn wir, o ran

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Objective 2, Powys, for instance, has access to a whole priority itself, so I would be surprised if there were problems. I know from the overall programme management point of view that that particular measure and priority is underused at the moment. So, if there are issues here about capacity, then we will address them.

[36] **Mick Bates:** Finally, if I may, I think that the very reason it is underused is the fact that no-one understood the level of co-ordination necessary to overcome the administrative burden in the first place. Also, it is because of the fact that a lot of projects that need to go to planning need to have all the funding pots lined up at that point. That is why the fund is underused. That does not require a response. I think I will leave it there.

[37] **Carl Sargeant:** Paragraphs 3.13 and 3.14 show that good progress has been made in developing projects by the private sector. Turning to the involvement of the private sector, it is clear from paragraph 3.14 that you have exceeded your target for bringing in private sector finance. Are you aiming to increase the private sector contribution to reflect the decrease in the planning rate, from 1.62 to 1.40 euros to the pound? Have you also considered increasing the target for private sector contribution above 30 per cent of the total match funding, thereby reducing the pressures on the public sector?

**Dr Roberts:** Helen is the expert on the private sector.

**Mrs Usher:** Unfortunately perhaps for the public sector, we cannot reduce the commitment for the public sector in the programme. That is a given and is in the agreement with the European Commission. So, the private sector money that is levered in is additional to the European funds and the public funds. What it does is make our money go further. It is good value for money for us,

Amcan 2, mae gan Bowys, er enghraifft, fynediad i flaenoriaeth gyfan ei hun, felly byddwn yn synnu pe bai problemau. Gwn o'r safbwynt rheoli rhaglen cyffredinol nad yw'r mesur a'r flaenoriaeth benodol honno yn cael eu defnyddio ddigon ar hyn o bryd. Felly, os oes materion yma am allu, byddwn yn mynd i'r afael â hwy.

[36] **Mick Bates:** I gloi, os y caf, credaf mai'r rheswm nad yw'n cael ei ddefnyddio digon yw nad oedd unrhyw un yn deall lefel y cydlynid sydd ei angen i ysgafnhau baich gweinyddol yn y lle cyntaf. Yn ogystal, mae oherwydd bod angen i lawer o brosiectau sydd angen eu cynllunio fod â'r holl swyddi cyllido yn eu lle bryd hynny. Dyna pam nad yw'r gronfa'n cael ei defnyddio ddigon. Nid yw hynny'n gofyn am ymateb. Credaf fy mod am adael hyn yma.

[37] **Carl Sargeant:** Mae paragraffau 3.13 a 3.14 yn dangos fod cynnydd da wedi'i wneud wrth ddatblygu prosiectau gan y sector preifat. Gan droi at gyfraniad y sector preifat, mae'n amlwg o baragraff 3.14 eich bod wedi rhagori ar eich targed ar gyfer denu cyllid sector preifat. A ydych yn gobeithio cynyddu cyfraniad y sector preifat i adlewyrchu'r gostyngiad yn y gyfradd gynllunio, o 1.62 i 1.40 ewro i'r bunt? A ydych hefyd wedi ystyried cynyddu'r targed ar gyfer cyfraniad y sector preifat yn uwch na 30 y cant o gyfanswm yr arian cyfatebol, a gostwng y pwysau ar y sector cyhoeddus drwy hynny?

**Dr Roberts:** Helen yw'r arbenigwraig ar y sector preifat.

**Mrs Usher:** Yn anffodus efallai i'r sector cyhoeddus, ni allwn leihau'r ymrwymiad ar gyfer y sector cyhoeddus yn y rhaglen. Mae hynny'n bendant ac mae yn y cytundeb gyda'r Comisiwn Ewropeaidd. Felly, mae'r arian sector preifat sy'n cael ei ddenu i mewn yn ychwanegol i'r cronfeydd Ewropeaidd a'r cronfeydd cyhoeddus. Mae'n gwneud i'n harian fynd ymhellach. Mae'n werth da am arian



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but it does not reduce the pressure on match funding for the public sector. So, in one sense, increasing the target does not actually get us anywhere. What we want to do is maximise the amount of private sector involvement in the programme, because we think that that makes it more sustainable and, as I said, it is very good value for money. So, perhaps to pick up on some of the earlier questions about Pathway to Prosperity, sometimes we have gone back to a private sector applicant and asked, ‘Are you sure that you have put in enough of your own money into this?’, and we have levered in more private sector money to reduce the call on Pathway to Prosperity. So, that is about being a bit a more hard-nosed, perhaps, in a negotiation and actually getting more money in. Yes, it has been a success and we are doing pretty well, and better than most of the UK regions—there are one or two that are coming close to us. The commission quite likes the way that we are progressing on the private sector, and is holding us up as a bit of an example.

[38] **Carl Sargeant:** Okay, thank you for that response. Paragraph 3.15 of the report says that slower progress has been made with the template projects. What specific difficulties have you faced that explain the slow progress in bringing template projects to fruition, given that it is over two years since it was first mooted, and none have yet been approved?

**Mrs Usher:** It is new and innovative and we thought that, if we were going to do it, we had to do it correctly the first time. We had enough of a credibility problem, perhaps at the beginning of the programme, with the private sector, and we did not want to hold something up and say, ‘Come and do this’ and then find out that we could not do it. What has happened on the template projects is that we have a private sector secondee working within WEFO who has been

i ni, ond nid yw’n gostwng y pwysau ar arian cyfatebol ar gyfer y sector cyhoeddus. Felly, ar un olwg, nid yw cynyddu’r targed yn gwneud dim i ni. Yr hyn yr ydym am ei wneud yw sicrhau bod y sector preifat yn cyfrannu cymaint â phosibl at y rhaglen, oherwydd credwn fod hynny’n gwneud iddi fod yn fwy cynaliadwy ac, fel y dywedais, mae’n werth da iawn am arian. Felly, efallai i fynd yn ôl at rai o’r cwestiynau cynharach am Ffordd i Ffyniant, weithiau yr ydym wedi mynd yn ôl at ymgeisydd sector preifat a gofyn, ‘A ydych yn siŵr eich bod wedi rhoi digon o’ch arian eich hun yn hyn?’, ac yr ydym wedi denu rhagor o arian sector preifat i leihau’r baich ar Ffordd i Ffyniant. Felly, mae hynny’n ymwneud â bod ychydig yn fwy pengaled, efallai, wrth drafod a chael rhagor o arian i mewn. Ydy, mae wedi llwyddo ac yr ydym yn gwneud yn eithaf da, ac yn well na’r rhan fwyaf o ranbarthau’r DU—mae un neu ddau yn dod yn agos atom. Mae’r comisiwn yn hoffi’r ffordd yr ydym yn dod yn ein blaenau o ran y sector preifat, ac yn ein defnyddio fel rhyw fath o esiampl.

[38] **Carl Sargeant:** Iawn, diolch am yr ymateb hwnnw. Mae paragraff 3.15 yr adroddiad yn dweud fod cynnydd arafach wedi’i wneud gyda’r prosiectau templed. Pa anawsterau penodol yr ydych wedi’u hwynebu sy’n egluro’r cynnydd araf wrth i brosiectau templed ddwyn ffrwyth, o ystyried fod mwy na dwy flynedd ers ei grybwyll am y tro cyntaf, ac nad oes yr un ohonynt wedi’u cymeradwyo eto?

**Mrs Usher:** Mae’n newydd ac yn arloesol ac yr oeddem yn credu, os oeddem am ei wneud, bod yn rhaid i ni ei wneud yn iawn y tro cyntaf. Yr oedd gennym ddigon o broblem hygredd, efallai ar ddechrau’r rhaglen, gyda’r sector preifat, ac nid oeddem am ddal rhywbeth yn ôl a dweud, ‘Dewch i wneud hyn’ ac yna canfod nad oeddem yn gallu ei wneud. Yr hyn sydd wedi digwydd gyda’r prosiectau templed yw ein bod wedi cael eilydd sector preifat yn

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developing the process, as well as some projects. We have been working with the regional partnerships and now with the new thematic advisory groups, to come up with some ideas of what they need to fill gaps in their programmes. So developing the idea has been one thing, but then checking all the legal and procurement issues that go with it has also been an issue. We have issued the specification for the first one—it went out in June—and we have had quite a large number of responses: I think that we are up to 59 expressions of interest for that first template. Now, with those, we think that there are some people who are just finding out what this is all about and we do not think that they are going to be serious, but we still think that we might have half a dozen of those 59 that are capable of looking at it and that we might have some firm proposals that will come in as a result of this. It is methodical rather than slow, I think.

[39] **Carl Sargeant:** I have some difficulties with a new project that is two years old and there is still no delivery. That is what I am slightly concerned about. Paragraph 3.16 states that the overall procedure is not inherently shorter than the current project development and appraisal process. So are you sure that the procedure does not cause undue delay and put off private sector bidders?

**Mrs Usher:** What we are hoping to do is to take the development pain off the private sector. So instead of it coming in and saying, ‘I would like to do this’, and the partnership saying, ‘Well, we would like you to do this,’ and them coming to a negotiated agreement in the middle, which can actually take quite a lot of time, we think that this gives the private sector bidders some clarity. It has gone through the process and the partnership says, ‘This is what we want to deliver, come and tell us how you can deliver it.’

gweithio yn WEFO sydd wedi bod yn datblygu'r broses, yn ogystal â rhai prosiectau. Yr ydym wedi bod yn gweithio gyda'r partneriaethau rhanbarthol ac yn awr gyda'r grwpiau cynghori thematig newydd, i gyflwyno rhai syniadau o'r hyn sydd ei angen arnynt i lenwi bylchau yn eu rhaglenni. Felly mae datblygu syniad wedi bod yn un peth, ond mae archwilio'r holl faterion cyfreithiol a chaffael sy'n cyd-fynd ag ef wedi bod yn fater arall. Yr ydym wedi cyhoeddi'r fanyleb am y tro cyntaf—aeth allan ym mis Mehefin—ac yr ydym wedi derbyn cryn dipyn o ymatebion: credaf ein bod wedi cyrraedd 59 mynegiant o ddiddordeb ar gyfer y templed cyntaf hwnnw. Yn awr, gyda rheini, credwn mai yn awr y mae rhai pobl yn dod i wybod am hyn ac nid ydym yn credu y byddant o ddifrif, ond yr ydym yn dal i feddwl efallai y bydd gennym hanner dwsin o'r 59 hynny sy'n gallu edrych arno ac efallai y cyflwynir cynigion pendant i ni o ganlyniad i hyn. Credaf ei fod yn drefnus yn hytrach nag araf.

[39] **Carl Sargeant:** Mae gennyf rai anawsterau gyda phrosiect newydd dwy oed ac nid yw ar waith o hyd. Dyna yr wyf ychydig yn bryderus yn ei gylch. Mae paragraff 3.16 yn nodi nad yw'r weithdrefn gyffredinol yn llai yn ei hanfod na'r broses ddatblygu ac arfarnu prosiect cyfredol. Felly a ydych yn sicr nad yw'r weithdrefn yn achosi oedi gormodol ac yn rhwystr i gynigwyr sector preifat?

**Mrs Usher:** Yr hyn yr ydym yn gobeithio ei wneud yw ysgafnhau baich datblygu'r sector preifat. Felly yn hytrach na dod i mewn a dweud, ‘Hoffwn wneud hyn’, a'r bartneriaeth yn dweud, ‘Wel, hoffem i chi wneud hyn,’ ac yna cwrdd yn y canol gyda chytundeb wedi'i negodi, sy'n gallu cymryd cryn amser mewn gwirionedd, credwn fod hyn yn gwneud pethau'n gliriach i gynigwyr yn y sector preifat. Mae wedi mynd drwy'r broses ac mae'r bartneriaeth yn dweud, ‘Dyma'r hyn yr ydym am ei gyflawni, dewch i

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We think that we will then get the best of both worlds: we get clarity as to what needs to be delivered, and imagination as to how it is to be delivered, which comes from the private sector. We hope that the end process will be shorter, but the whole process could take the same length of time.

[40] **Val Lloyd:** I will continue with the project development and appraisal process. Specifically, paragraph 3.18 and figure 5 outline the streamlining of those processes that took effect on 1 January this year. It is six months since those changes—sorry, that is a bit self-evident. Could you give a preliminary opinion on how successful they have been and how the project sponsors have reacted to the changes?

**Dr Roberts:** I think that the impression over the last six months or so is very positive. I think that project applicants appreciated the streamlining and the more effective delivery on that, and the new thematic advisory groups are able to take a far more strategic look at the overall projects that are coming through the system. So, I think, both from a project applicant point of view and the quality of the project, that that is a very positive thing.

[41] **Val Lloyd:** I will stay with that for a while. It seemed to me, looking at figure 5, that quite a lot depends on the overlapping of the appraisal tasks, including the consultation with partnerships. Has this led to any confusion? Staying with that, I have another question. It also seems that the number of partnerships has been reduced, and they no longer formally assess the projects as they previously did, so is there any feeling that the influence of these partners has diminished?

**Dr Roberts:** On the confusion point, we

ddweud wrthym sut y gallwch ei gyflawni.' Credwn y byddwn wedyn yn cael y gorau o'r ddau fyd: yr ydym yn cael esboniad o'r hyn sydd angen ei gyflawni, a dychmyg ynghylch y ffordd orau i'w gyflawni, sy'n dod o'r sector preifat. Ein gobaith yw y bydd y broses derfynol yn fwy cryno, ond gallai'r broses gyfan gymryd yr un amser.

[40] **Val Lloyd:** Yr wyf am barhau gyda'r broses o ddatblygu ac arfarnu prosiect. Yn benodol, mae paragraff 3.18 a ffigur 5 yn amlinellu'r broses o symleiddio'r prosesau hynny a ddaeth i rym ar 1 Ionawr eleni. Mae chwe mis ers y newidiadau hynny—mae'n ddrwg gennyf, mae hynny ychydig yn amlwg. A ellwch roi barn ragarweiniol i ni ar ba mor llwyddiannus y buont a sut y mae noddwyr prosiectau wedi ymateb i'r newidiadau?

**Dr Roberts:** Credaf fod yr argraff dros y chwe mis diwethaf yn bositif iawn. Credaf fod ymgeiswyr prosiect yn gwerthfawrogi'r symleiddio a'r ffordd y cyflawnwyd hynny'n fwy effeithiol, ac mae'r grwpiau cynghori thematig newydd yn gallu edrych mewn modd llawer mwy strategol ar y prosiectau cyffredinol sy'n dod drwy'r system. Felly, credaf, o safbwynt ymgeiswyr prosiectau ac ansawdd y prosiect, fod hyn yn beth positif iawn.

[41] **Val Lloyd:** Yr wyf am aros gyda hyn am ychydig. Ymddengys i mi, o edrych ar ffigur 5, fod llawer yn dibynnu ar dasgau arfarnu yn gorgyffwrdd, gan gynnwys yr ymgynghoriad gyda phartneriaethau. A yw hyn wedi arwain at unrhyw ddryswch? Gan aros gyda hynny, mae gennyf gwestiwn arall. Ymddengys hefyd fod nifer y partneriaethau wedi gostwng, ac nad ydynt yn asesu'r prosiectau'n ffurfiol bellach fel yr arferent ei wneud yn y gorffennol, felly a oes ymdeimlad fod dylanwad y cyfryw bartneriaid wedi lleihau?

**Dr Roberts:** O ran y pwynt ar ddryswch,

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did issue guidance to try to clarify exactly what the role of the various partnerships would be. We arranged a number of seminars to discuss that through with them, and that process is ongoing. In fact, further guidance to the local partnerships, for instance on their role in after-care on projects, is about to issue very shortly. That has been a very inclusive process, because we wanted to hear from the partnerships themselves as to what they thought their roles would be. So, I think that there is some clarity there and, as I said, further guidance is coming out on that.

In terms of the changes at the regional level, I think that the situation is much improved. The thematic advisory groups have a very good quality of membership and were able to take a look at the projects with an overall strategic vision, if you like. I think that there has been no let-up whatsoever in terms of the quality assessment. We find the comments of the thematic advisory groups very helpful indeed. They see the projects much earlier in the process so they do not reach them and they have to say 'yes' or 'no', they are able to make comments on the projects at an early stage, which we then build into our dialogue with the project sponsors. So, again, I think that the experience has been very positive to date, and the system appears to be working very well.

[42] **Val Lloyd:** Thank you. You have partially answered my next question, but I will add a little bit to the second part of it. Has this shortened the project appraisal time, as your own research indicated that it would?

**Dr Roberts:** I think that we did not make any great claims that those changes in themselves would shorten the time. I think that what it has been able to do is identify key issues much earlier in the process, so we are able to have that

bu i ni gyhoeddi canllaw i geisio egluro'n union beth fyddai rôl y partneriaethau amrywiol. Trefnwyd nifer o seminarau inni i drafod hynny gyda hwy, ac mae honno'n broses sy'n mynd rhagddi. Yn wir, yr ydym ar fin cyhoeddi canllawiau pellach i'r partneriaethau lleol, er enghraifft ar eu rôl ôl-ofal ar brosiectau. Mae honno wedi bod yn broses gynhwysol iawn, oherwydd yr oeddem am glywed gan y partneriaethau eu hunain beth yr oeddent yn meddwl fyddai eu rolau. Felly, credaf fod rhywfaint o eglurder yno ac, fel y dywedais, bydd canllawiau pellach ar hynny yn cael eu cyhoeddi.

O ran y newidiadau rhanbarthol, credaf fod y sefyllfa wedi gwella'n sylweddol. Mae gan y grwpiau cynghori thematig aelodaeth o ansawdd da iawn, a buont yn edrych ar y prosiectau gyda gweledigaeth strategol gyffredinol, os y dymunwch. Credaf nad yw'r gwaith o asesu ansawdd wedi ysgafnhau o gwbl. Mae sylwadau'r grwpiau cynghori thematig yn ddefnyddiol iawn yn ein barn ni. Maent yn gweld y prosiectau yn llawer cynharach yn y broses felly nid ydynt yn eu cyrraedd a bod disgwyl iddynt ddweud 'ie' neu 'na', maent yn gallu rhoi sylwadau ar y prosiectau yn fuan, a chaiff y sylwadau hynny eu cynnwys fel rhan o'n trafodaethau gyda noddwyr prosiectau. Felly, eto, credaf fod y profiad wedi bod yn un positif iawn hyd yma, ac ymddengys fod y system yn gweithio'n dda iawn.

[42] **Val Lloyd:** Diolch. Yr ydych wedi ateb fy nghwestiwn nesaf yn rhannol, ond yr wyf am ychwanegu ychydig at ei ail ran. A yw hyn wedi lleihau cyfnod arfarnu'r prosiect, fel yr oedd eich ymchwil eich hun yn awgrymu y byddai?

**Dr Roberts:** Credaf na wnaethom unrhyw honiadau mawr y byddai'r newidiadau hynny eu hunain yn lleihau'r cyfnod. Credaf mai'r hyn y mae wedi llwyddo i'w wneud yw nodi materion allweddol yn llawer cynharach yn y

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dialogue. That is in contrast to the old system, where a fundamental issue might have come up very late in the process, which is very dispiriting to the project sponsor. We will have to monitor that situation very closely and, as I say, I am not sure whether the impact on the approval times has been huge as a direct result of that change in itself.

**Mrs Usher:** I think that the bit that you measure, which is the WEFO approval bit, probably will not change much. What has changed is the time that it used to take to get from an idea to WEFO, and so the process of going through the partnerships before it became a formal application to WEFO was very time consuming. There was much local consultation and much dead time in the process. So, if you had a 35-day consultation with local partnerships, you quite often did nothing with the project while it was happening. So I think that they are coming to us quicker, but they probably do not go through our system quicker because of the change of processes overall.

[43] **Val Lloyd:** This may be a silly question to ask anybody about resources, but do you feel that your appraisal branches are adequately resourced to undertake what seems to me to be additional work, particularly as I read that you plan to bring forward a quarter of the grant approvals from 2005 to this year?

**Dr Roberts:** The appraisal branches are certainly very busy at the moment. As a result of the review that we undertook earlier this year about the whole programme, which Helen mentioned, we decided to instigate a number of bidding rounds. When there are bidding rounds, large numbers of projects come forward at the same time, and the teams are working on those bidding rounds as we

broses, er mwyn i ni allu cynnal y trafodaethau hynny. Mae hyn yn wahanol iawn i'r hen system, lle gallai mater sylfaenol godi'n hwyr iawn yn y broses, sy'n digalonni noddwyr prosiectau. Bydd yn rhaid i ni fonitro'r sefyllfa'n agos iawn ac, fel y dywedais, nid wyf yn sicr a yw'r effaith ar yr amseroedd cymeradwyo wedi bod yn sylweddol o ganlyniad uniongyrchol i'r newid hwnnw ynddo'i hun.

**Mrs Usher:** Credaf na fydd y rhan yr ydych yn ei mesur, sef cymeradwyaeth WEFO, yn newid rhyw lawer. Yr hyn sydd wedi newid yw'r cyfnod yr arferai gymryd i fynd o syniad i WEFO, ac felly yr oedd y broses o fynd drwy'r partneriaethau cyn iddo ddod yn gais ffurfiol i WEFO yn cymryd llawer iawn o amser. Yr oedd llawer o ymgynghori lleol a llawer o gyfnodau o wneud dim yn y broses. Felly, pe bai gennych ymgynghoriad 35 diwrnod â phartneriaethau lleol, ni fyddai dim yn cael ei wneud â'r prosiect yn aml tra bod hyn yn digwydd. Felly credaf eu bod yn ein cyrraedd yn gyflymach, ond mae'n debyg nad ydynt yn mynd drwy ein system yn gyflymach oherwydd y newid cyffredinol ym mhrosesau cyffredinol.

[43] **Val Lloyd:** Efallai bod hwn yn gwestiwn gwirion i ofyn i unrhyw un am adnoddau, ond a ydych yn teimlo fod gan eich canghennau arfarnu ddigon o adnoddau i gyflawni'r hyn sy'n ymddangos yn waith ychwanegol, yn arbennig o ddarllen eich bod yn bwriadu dod â chwarter o'r cymeradwyaethau grantiau o 2005 ymlaen i eleni?

**Dr Roberts:** Mae'r canghennau arfarnu yn sicr yn brysur iawn ar hyn o bryd. O ganlyniad i'r adolygiad a gynhaliwyd yn gynharach eleni ar y rhaglen gyfan, y crybwyllodd Helen, bu i ni benderfynu dechrau nifer o gylchoedd cynnig. Yn ystod cylchoedd cynnig, caiff llawer o brosiectau eu cyflwyno ar yr un pryd, ac mae'r timau'n gweithio ar y cylchoedd cynnig hyn wrth i ni siarad. Yr ydym

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speak. We have held discussions with the appraisal teams and, if there is any need for additional resource, then we have made that resource available. So I cannot pretend that they are not very busy at the moment, but I am convinced that there is adequate resource there.

[44] **Denise Idris Jones:** Turning to page 19 of the report, paragraphs 3.23 and 3.24 outline quite clearly the inadequacies of the ESF application form. However, it does say that you have no intention of replacing this particular application form, even though you have, in fact, made improvements to the application forms for the other Objective 1 funds. Do you not see this as being rather short-sighted?

**Sir Jon Shortridge:** If I may comment in the first instance, this gets back to what I was saying to Mr Andrews that, essentially, we have to have a risk-based approach to this. We took over the responsibility for ESF in April 2001, and when you take over a responsibility like that, you bring all the legacy systems with you. So what we have is, basically, the ESF system that applies in England. It is not a great system, but it was working, and it does mean that you get a consistency of approach and of management information on ESF, as with England, if you continue to use that system. If we had the capacity, this would have been a priority to have addressed early on. However, WEFO, as a new organisation, was under a lot of pressure to deliver all of its commitments and business requirements on it, and the view was taken—rightly, in my view—that it would have been a risk too far to have pulled up the ESF system and replace it at short notice. The view is that we should be seeking to put in place an integrated system, post 2006. That is disappointing for applicants, I am sure, because it is not a user-friendly system. It means that we have some inefficiencies built in to our arrangements, as we have systems that do

wedi cynnal trafodaethau gyda'r timau arfarnu ac, os oes unrhyw angen am adnoddau ychwanegol, yr ydym wedi sicrhau bod yr adnoddau ychwanegol hynny ar gael. Felly ni allaf honni nad ydynt yn brysur iawn ar hyn o bryd, ond yr wyf yn argyhoeddedig fod digon o adnoddau yna.

[44] **Denise Idris Jones:** Gan droi at dudalen 19 yr adroddiad, mae paragraffau 3.23 a 3.24 yn amlinellu annigonolrwydd ffurflen gais cronfa gymdeithasol Ewrop yn glir. Fodd bynnag, mae'n dweud nad ydych yn bwriadu newid y ffurflen gais benodol hon, er eich bod, mewn gwirionedd, wedi gwneud gwelliannau i'r ffurflenni cais ar gyfer cronfeydd eraill Amcan 1. Onid ydych yn ystyried fod hyn ychydig yn annoeth?

**Syr Jon Shortridge:** Os caf ymateb yn y lle cyntaf, mae hyn yn mynd yn ôl at yr hyn yr oeddwn yn ei ddweud wrth Mr Andrews sef, yn y bôn, fod yn rhaid i ni ymdrin â hyn drwy weithio ar sail risg. Bu i ni gymryd y cyfrifoldeb am gronfa gymdeithasol Ewrop ym mis Ebrill 2001, ac wrth gymryd cyfrifoldeb fel hwnnw, yr ydych yn dod â'r holl systemau etifeddiaeth gyda chi. Felly yr hyn sydd gennych, yn sylfaenol, yw system cronfa gymdeithasol Ewrop a ddefnyddir yn Lloegr. Nid yw'n system wych, ond yr oedd yn gweithio, ac mae yn golygu eich bod yn cael dull cyson o weithredu a gwybodaeth reoli am gronfa gymdeithasol Ewrop, fel yn Lloegr, os ydych yn parhau i ddefnyddio'r system honno. Pe bai gennym y gallu, byddai hyn wedi bod yn flaenoriaeth i fynd i'r afael â hi yn gynnar. Fodd bynnag, yr oedd WEFO, fel sefydliad newydd, dan lawer o bwysau i gyflawni ei holl ymrwymadau a'i ofynion busnes arno, a phenderfynwyd—yn gywir, yn fy marn i—y byddai wedi bod yn ormod o risg i rwystro system cronfa gymdeithasol Ewrop a chael un yn ei lle ar fyr rybudd. Y farn yw y dylem geisio rhoi system integredig ar waith, ar ôl 2006. Mae hynny'n siom i ymgeiswyr, yr wyf yn

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not automatically read across with each other. However, we do have to operate prudently within what I regard as reasonable capacity constraints on the organisation.

sicr, oherwydd nad yw'n system hawdd ei defnyddio. Mae hyn yn golygu fod rhywfaint o anallu yn ein trefniadau, oherwydd bod gennym systemau nad ydynt yn cyd-fynd â'i gilydd yn awtomatig. Fodd bynnag, mae'n rhaid i ni weithredu'n bwyllog o fewn yr hyn yr wyf yn eu hystyried fel cyfyngiadau rhesymol ar y sefydliad sy'n gysylltiedig â chapasiti.

[45] **Denise Idris Jones:** Therefore, when you introduce the planned new IT system, can I assume that there will be a new ESF form?

[45] **Denise Idris Jones:** Felly, pan fyddwch yn cyflwyno'r system TG newydd arfaethedig, a allaf ragdybio y bydd ffurflen cronfa gymdeithasol Ewrop newydd?

**Sir Jon Shortridge:** We are still scoping that new system and, until we have the proper business case for that, I cannot give you an absolute answer. It is, however, certainly our intention, subject to resource and other considerations, that that is what we would be doing.

**Syr Jon Shortridge:** Yr ydym yn parhau i astudio cwmpas y system newydd honno a, hyd nes y bydd gennym yr achos busnes iawn, ni allaf roi ateb diamod i chi. Ein bwriad yn sicr, fodd bynnag, yn amodol ar adnoddau ac ystyriaethau eraill, yw mai dyna y byddem yn ei wneud.

[46] **Denise Idris Jones:** I hope so.

[46] **Denise Idris Jones:** Gobeithio.

[47] **Alun Cairns:** Some appraisal times have improved, but 13 per cent of the appraisal times for applications are longer than 12 months. Is this acceptable?

[47] **Alun Cairns:** Mae rhai amseroedd arfarnu wedi gwella, ond mae 13 y cant o'r amseroedd arfarnu ar gyfer ceisiadau yn hwy na 12 mis. A yw hyn yn dderbyniol?

**Dr Roberts:** Clearly, ideally, we would like to approve projects much quicker than that. I think that with the outliers, the projects that do take a great deal of time, usually, there is a problem in there that is difficult to resolve quickly. It is probably to do with state aids, where it is very difficult to get an answer very quickly, and we have to work with the project applicant—in some cases we have to go to the European Commission for advice or approval. So that is one of the major reasons behind some of the delays. We are, obviously, very conscious and very aware of the need to appraise and approve projects as quickly as possible, so one of our objectives is to drive down these times, and I think that, as the graphs in

**Dr Roberts:** Yn amlwg, yn ddelfrydol, hoffem gymeradwyo prosiectau yn llawer cyflymach na hynny. Credaf gyda'r lefelau allanol eraill, y prosiectau hynny sy'n cymryd llawer o amser, fel arfer, cyfyd problem sy'n anodd ei datrys yn gyflym. Mae'n debyg fod hyn i'w wneud â chymorth y wladwriaeth, lle mae'n anodd iawn cael ateb yn gyflym iawn, ac mae'n rhaid i ni weithio gyda'r ymgeisydd prosiect—mewn ambell achos mae'n rhaid i ni fynd at y Comisiwn Ewropeaidd am gyngor neu gymeradwyaeth. Felly dyna un o'r prif resymau dros beth o'r oedi. Yr ydym, yn amlwg, yn effro i, ac yn ymwybodol iawn o, yr angen i arfarnu a chymeradwyo prosiectau cyn gynted â phosibl, felly un

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the report show, we have made some progress on that.

o'n hamcanion yw lleihau'r amseroedd hyn, a chredaf, fel y dengys graffiau'r adroddiad, ein bod wedi gwneud peth cynnydd yn hynny o beth.

[48] **Alun Cairns:** You mentioned that one of the key reasons was quite often to do with state aids; is the lack of match funding a reason?

[48] **Alun Cairns:** Bu i chi grybwyll bod un o'r rhesymau allweddol yn amlach na pheidio yn ymwneud â chymorth y wladwriaeth; a yw diffyg arian cyfatebol yn rheswm?

**Dr Roberts:** I would not say that that was a factor for these particular projects.

**Dr Roberts:** Ni fyddwn yn dweud bod hynny'n ffactor yn y prosiectau penodol hyn.

[49] **Alun Cairns:** So in terms of appraising a project, the lack of match funding for it is never a reason to slow it down?

[49] **Alun Cairns:** Felly o ran arfarnu prosiect, nid yw diffyg arian cyfatebol ar ei gyfer byth yn rheswm dros ei arafu?

**Dr Roberts:** In terms of appraisal, we can only formally appraise a project if we have all the match funding in place, and we will need a sort of declaration from the project sponsor there. There is no point in appraising a project if it does not have the complete funding package. So that would need to be in place before we did the full appraisal on a project, although, as I said before, we are very happy to discuss with project sponsors at a very early stage what their requirements might be.

**Dr Roberts:** O ran arfarnu, gallwn ddim ond arfarnu prosiect yn ffurfiol pan fydd yr holl arian cyfatebol yn ei le, a bydd arnom angen rhyw fath o ddatganiad gan noddwr y prosiectau yn y cyswllt hwnnw. Nid oes diben mewn arfarnu prosiect os nad oes ganddo'r pecyn cyllid cyflawn. Felly byddai angen i hynny fod yn ei le cyn i ni gynnal yr arfarniadau llawn o brosiect, er, fel y dywedais yn gynharach, yr ydym yn hapus iawn i drafod gyda noddwyr prosiectau eu gofynion posibl yn gynnar iawn.

[50] **Alun Cairns:** What sort of indication can you give us of the length of time that it takes to build up an application and the length of time that it would take to find match funding? I refer to paragraph 3.28 and the graph in figure 6, which highlight the delays in terms of considering the application from the time that you actually receive it completed. However, what about the build-up time and the funding requirements within that?

[50] **Alun Cairns:** Pa fath o syniad a allwch ei roi i ni o'r cyfnod y mae'n ei gymryd i greu cais a'r cyfnod y byddai'n ei gymryd i ddod o hyd i arian cyfatebol? Cyfeiriaf at baragraff 3.28 a'r graff yn ffigur 6, sy'n amlygu'r oedi o ran ystyried y ffurflen gais o'r amser yr ydych yn ei derbyn wedi'i chwblhau. Fodd bynnag, beth am yr amser datblygu graddol a'r gofynion cyllido sy'n rhan o hynny?

**Dr Roberts:** It may be helpful to just explain that every part of Wales has a local partnership structure with specialised officers who are there to do precisely that—to help with project development. Those posts are partly

**Dr Roberts:** Gallai fod yn ddefnyddiol egluro bod gan bob rhan o Gymru strwythur partneriaeth leol sydd â swyddogion arbenigol i wneud hynny'n union—cynorthwyo i ddatblygu'r prosiect. Mae'r swyddi hynny'n cael eu



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funded by technical assistance that comes out of the structural funds programmes. So they are there to help, to advise, and to develop projects, including sourcing match funding where appropriate, and most projects would go in that way. Within the other organisations, such as the WDA or Education and Learning Wales, there are specialised teams, again, who are used to putting the applications together. So I think that there is overall support there for project applicants, and, on the private sector side, obviously, we have a network of private sector facilitators, again, who are there to help with project development in the early stages.

[51] **Alun Cairns:** What would be a typical length of time for one of the private sector applications to take? Between what and what—that is probably fairer.

**Mrs Usher:** There is not a typical time because there is not a typical project. Some come to us with basic ideas saying, for example, ‘I have two lines on a piece of paper, I quite fancy doing this’. Others come to us with a fully worked-up business case saying, ‘I want to do this’. Obviously, the latter, as long as it fits, is easier to put through the system, whereas, quite often, you will find that the private sector facilitators, or perhaps the private sector unit, spend a lot of time actually developing the project into a business case first, and then it becomes a project. So, we have had ones that have gone through in perhaps two or three months, and others that have taken two years to work through, because the applicants have gone back and rethought their strategy, or the market changes, or whatever. It is a matter of how long is a piece of string, I am sorry.

[52] **Alun Cairns:** Okay. The report mentions new arrangements in terms of cutting appraisal time. Are there any indications that they are working?

cyllido’n rhannol drwy gymorth technegol sy’n deillio o raglenni’r cronfeydd strwythurol. Felly maent yno i helpu, i gynghori, ac i ddatblygu prosiectau, sy’n cynnwys canfod arian cyfatebol lle bo’n briodol, a byddai’r mwyafrif o brosiectau’n dilyn y trywydd hwnnw. O fewn sefydliadau eraill, fel y WDA neu Dysgu ac Addysgu Cymru, mae timau arbenigol, eto, sydd wedi arfer paratoi ceisiadau. Felly credaf fod cefnogaeth gyffredinol yno ar gyfer ymgeiswyr prosiect, ac, o ran y sector preifat, yn amlwg, mae gennym rwydwaith o hwyluswyr sector preifat, sydd hefyd yno i gynorthwyo datblygiad prosiectau yn y cyfnodau cynnar.

[51] **Alun Cairns:** Beth fyddai cyfnod nodweddiadol o’r ceisiadau sector preifat? Rhwng beth a beth—mae’n debyg fod hynny’n fwy teg.

**Mrs Usher:** Nid oes cyfnod nodweddiadol oherwydd nad oes prosiect nodweddiadol. Daw rhai atom gyda syniadau sylfaenol a dweud, er enghraifft, ‘Mae gennyf ddwy linell ar ddarn o bapur, mae gennyf awydd gwneud hyn’. Daw eraill atom gydag achos busnes gorffenedig a dweud, ‘Yr wyf am wneud hyn’. Yn amlwg, mae’r ail, gyn belled â’i fod yn addas, yn haws i’w gyflwyno drwy’r system, lle byddwch, yn aml, yn gweld bod hwyluswyr y sector preifat, neu efallai uned y sector preifat, yn treulio llawer o amser yn datblygu’r prosiect yn achos busnes i ddechrau, ac yna daw’n brosiect. Felly, yr ydym wedi cael rhai sydd wedi’u cwblhau o fewn dau i dri mis o bosibl, ac eraill sydd wedi cymryd dwy flynedd i’w cwblhau, oherwydd bod yr ymgeiswyr wedi mynd yn ôl ac ailfeddwl am eu strategaeth, neu fod y farchnad yn newid, neu beth bynnag. Mae’n amhosibl mesur y peth, mae’n ddrwg gennyf.

[52] **Alun Cairns:** Iawn. Mae’r adroddiad yn crybwyll trefniadau newydd ar gyfer lleihau’r cyfnod arfarnu. A oes unrhyw arwyddion eu bod yn gweithio?

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**Dr Roberts:** Yes. We are monitoring this very carefully. In fact, I think that things like the bidding rounds will help to accelerate the process. I think that we have improved the guidance available, both to project sponsors and internally, so there should be far less ambiguity around what is eligible and how we handle the process. I think that, over time, we will continue to drive down these appraisal times.

[53] **Alun Cairns:** Why do you set yourself a target of 90 days when, clearly, you are not achieving it in most of the cases?

**Dr Roberts:** I think that it is important that we set ourselves a target, even if it is a very demanding one. As I said, I think that the improvements that we are making to the guidance in terms of the project appraisal, and also the new IT system, should help us considerably with this. So it may be an aspirational target, but that is what we should aim for. I am not content with six months, say; I would rather see it at three months.

[54] **Alun Cairns:** But would you not accept that the partnerships making an application want certainty, and if they are told that your target is 90 days, they will expect some sort of response in that time? If 13 per cent are taking 12 months, what impact do you think that that will have on an application?

**Dr Roberts:** I think that our advice to any project sponsor is for them to come to talk to us. I think that we can immediately say to them how long it is likely to take. Some projects are more complex than others and, as I said before, if there are state aids issues in there, we would have to warn the project applicant that this could take some time to resolve.

**Dr Roberts:** Oes. Yr ydym yn monitro hyn yn ofalus iawn. Yn wir, credaf fod pethau fel y cylchoedd cynnig yn cynorthwyo i gyflymu'r broses. Credaf ein bod wedi gwella'r canllawiau sydd ar gael, i noddwyr prosiectau ac yn fewnol, felly dylai fod llawer llai o amwyster ynghylch yr hyn sy'n gymwys a sut yr ydym yn mynd i'r afael â'r broses. Credaf, gydag amser, y byddwn yn parhau i leihau'r cyfnodau arfarnu.

[53] **Alun Cairns:** Pam eich bod wedi pennu targed o 90 diwrnod i chi eich hun pan, yn amlwg, nad ydych yn ei gyrraedd fel arfer?

**Dr Roberts:** Credaf ei bod yn bwysig ein bod yn pennu targed ar gyfer ni ein hunain, hyd yn oed os yw'n un sy'n gofyn llawer. Fel y dywedais, credaf y dylai'r gwelliannau yr ydym yn eu gwneud i'r canllawiau ar arfarnu prosiect, ynghyd â'r system TG newydd, ein cynorthwyo'n fawr gyda hyn. Felly gallai fod yn darged uchelgeisiol, ond at hynny y dylem anelu. Nid wyf yn fodlon gyda chwe mis; byddai'n well gennyf dri mis.

[54] **Alun Cairns:** Ond oni fyddech yn derbyn bod y partneriaethau sy'n gwneud ceisiadau am gael sicrwydd, ac os y dywedir wrthynt mai 90 diwrnod yw eich targed, y byddant yn disgwyl rhyw fath o ymateb yn y cyfnod hwnnw? Os yw 13 y cant yn cymryd 12 mis, pa effaith yr ydych yn ei gredu y bydd hynny'n ei gael ar geisiadau?

**Dr Roberts:** Credaf mai ein cyngor i unrhyw noddwyr prosiectau fyddai iddynt ddod i siarad â ni. Credaf y gallwn ddweud wrthynt yn syth pa mor hir y mae'n debygol o gymryd. Mae rhai prosiectau yn fwy cymhleth nag eraill ac, fel y dywedais yn gynharach, os oes materion cymorth y wladwriaeth ynghlwm wrthynt, byddai'n rhaid i ni rybuddio'r ymgeisydd prosiect y gallai hyn gymryd peth amser i'w ddatrys.

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[55] **Alun Cairns:** Why have a target on that basis, then, if you are clearly not going to achieve it, and you might tell one organisation that it is going to take 180 days?

[55] **Alun Cairns:** Beth yw diben cael targed ar y sail honno, felly, os nad ydych yn amlwg yn mynd i'w gyrraedd, ac efallai y byddwch yn dweud wrth un sefydliad y bydd yn cymryd 180 diwrnod?

**Dr Roberts:** Well, it is a large programme—there are 2,000 or so projects in being. What I am striving for is that the average is within that 90 days. There will always be projects that will take a lot longer than that for the reasons that we have given.

**Dr Roberts:** Wel, mae'n rhaglen fawr—mae oddeutu 2,000 o brosiectau. Yr hyn yr wyf yn ceisio'i gyflawni yw cael y cyfartaledd o fewn 90 diwrnod. Bydd rhai prosiectau yn cymryd llawer mwy na hynny am y rhesymau yr ydym wedi'u rhoi.

[56] **Alun Cairns:** So when do you expect to achieve the target of 90 days?

[56] **Alun Cairns:** Felly pryd yr ydych yn disgwyl cyrraedd y targed o 90 diwrnod?

**Dr Roberts:** That is very difficult to answer. I do not know. I think that we will continue to monitor the situation, and I hope that the trend in the graphs that you have before you drive themselves forward. I am not going to give a precise date for that.

**Dr Roberts:** Mae hynny'n anodd iawn i'w ateb. Nid wyf yn gwybod. Credaf y byddwn yn parhau i fonitro'r sefyllfa, a gobeithio bod y duedd yn y graffiau sydd o'ch blaenau yn gyrru eu hunain ymlaen. Nid wyf yn mynd i roi'r union ddyddiad ar gyfer hynny.

[57] **Alun Cairns:** It seems to me that the target is pretty meaningless if we do not even know when we are going to get to it by. The project will have ended by the time that we get to the target of 90 days—let us at least be honest and realistic. Of course, the target of 90 days only applies to fully prepared applications. How many applications are fully prepared, and how many of those proceed within 90 days of receipt?

[57] **Alun Cairns:** Ymddengys i mi fod y targed yn gymharol ddiystyr os nad ydym hyd yn oed yn gwybod pryd y byddwn yn ei gyrraedd. Bydd y prosiect wedi gorffen erbyn inni gyrraedd y targed o 90 diwrnod—gadewch i ni fod yn onest ac yn realistig o leiaf. Wrth gwrs, dim ond i'r ceisiadau sydd wedi'u paratoi'n llawn y mae'r targed yn gymwys. Faint o geisiadau sydd wedi'u paratoi'n llawn, a faint o'r rheini sy'n mynd ymlaen o fewn 90 diwrnod i'w derbyn?

**Dr Roberts:** I think that it is virtually impossible to answer that question.

**Dr Roberts:** Credaf ei bod bron yn amhosibl ateb y cwestiwn hwnnw.

[58] **David Melding:** Why have the target if you cannot verify it?

[58] **David Melding:** Beth yw diben cael y targed os na allwch ei wirio?

[59] **Janet Davies:** Did you wish to come in on this, Sir Jon?

[59] **Janet Davies:** A oeddech am gyfrannu at hyn, Syr Jon?

**Sir Jon Shortridge:** I will come in later, because a new question has been raised now, and I think that that needs to be

**Syr Jon Shortridge:** Yr wyf am gyfrannu'n ddiweddarach, oherwydd mae cwestiwn newydd wedi ei godi yn awr, a

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dealt with first.

chredaf fod angen delio â hwnnw yn gyntaf.

[60] **Janet Davies:** Right, okay.

[60] **Janet Davies:** Iawn, o'r gorau.

[61] **David Melding:** Sorry, I interjected there, but I was so surprised at the answer.

[61] **David Melding:** Mae'n ddrwg gennyf am dorri ar draws eiliad yn ôl, ond cefais fy syfrdanu gyda'r ateb.

**Dr Roberts:** As Helen said, do you take two lines on a piece of paper and someone saying, 'this is an idea of mine' as being an application? Clearly not. So it is impossible to say—

**Dr Roberts:** Fel y dywedodd Helen, a ydych yn ystyried dwy linell ar ddarn o bapur a rhywun yn dweud 'dyma syniad sydd gennyf' fel cais? Nac ydych, yn amlwg. Felly mae'n amhosibl dweud—

[62] **Alun Cairns:** Dr Roberts, with the greatest respect, the 90-day target only applies to fully prepared applications. Two lines on a piece of paper clearly is not a fully prepared application. So how many applications are fully prepared, and how many of those are actually processed within 90 days when they are fully prepared?

[62] **Alun Cairns:** Dr Roberts, gyda phob parch, dim ond i geisiadau sydd wedi'u paratoi'n llawn y mae'r targed 90 diwrnod yn gymwys. Nid yw dwy linell ar ddarn o bapur yn amlwg yn gais sydd wedi'i baratoi'n llawn. Felly faint o geisiadau sydd wedi'u paratoi'n llawn, a faint o'r rheini sy'n cael eu prosesu o fewn 90 diwrnod pan fyddant wedi'u paratoi'n llawn?

[63] **Janet Davies:** Perhaps you would like to give us a note on that, would you?

[63] **Janet Davies:** Efallai y byddech yn hoffi rhoi nodyn i ni ar hynny?

**Mrs Usher:** I was going to say that. We have two ways of doing this when an application comes in. You can check whether absolutely all of the information is there and, if it is not, you could send it back to an applicant. We have not been doing that. What we have been trying to do is work with an applicant so that you continue to develop the project so that it is in a fit state to be approved. So, of the average time—we did a bit of a research study on what was taking the time during the process, and we found out that, on average, we had about 85 days where the project was, in effect, on hold, waiting for further information from an applicant. Now you could, in theory, say that that is not a fully prepared application but, sometimes, you need to go some way into the process before you know whether all of the evidence is there. We have a basic sort of checklist that says, 'Is all the documentation there as a starting point?',

**Mrs Usher:** Yr oeddwn ar fin dweud hynny. Mae dwy ffordd o wneud hyn pan fyddwn yn derbyn cais. Gallwch edrych i weld a yw'r holl wybodaeth yno ac, os nad yw yno, gallech ei anfon yn ôl at yr ymgeisydd. Nid ydym wedi bod yn gwneud hynny. Yr hyn yr ydym wedi bod yn ceisio'i wneud yw gweithio gydag ymgeisydd fel y gallwch barhau i ddatblygu'r prosiect er mwyn iddo fod mewn cyflwr addas i gael ei gymeradwyo. Felly, o ran y cyfartaledd amser—bu inni gynnal astudiaeth ymchwil ar yr hyn a oedd yn cymryd amser yn ystod y broses, a daethom i'r casgliad, ar gyfartaledd, fod gennym oddeutu 85 diwrnod lle yr oedd y prosiect, i bob diben, yn ddisymud, yn disgwyl am wybodaeth bellach gan ymgeisydd. Gallech, mewn egwyddor, ddweud nad yw hynny'n gais wedi'i baratoi'n llawn ond, o bryd i'w gilydd, mae angen ichi ddilyn y broses am sbel

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but you do not know until you are some way into the appraisal whether it is classed as fully prepared. So probably around a third of the application processing time is the time when it is waiting for further information from an applicant. So I think that an issue that we want to look at as far as customer satisfaction is concerned is how we actually measure our performance against that 90-day target, and whether we need, perhaps, a different method of data collection.

cyn ichi ganfod a yw'r dystiolaeth i gyd yno. Mae gennym restr wirio sylfaenol sy'n dweud, 'A yw'r holl ddogfennaeth yno i gychwyn?', ond dim ond pan fydd yr arfarniad yn mynd rhagddo y dowch i ddeall a yw'r cais wedi'i baratoi'n llawn. Felly mae'n debyg fod oddeutu traean o'r cyfnod prosesu cais yn gyfnod o ddisgwyl am wybodaeth bellach gan ymgeisydd. Felly credaf mai mater y bydd yn rhaid inni edrych arno o ran boddhad cwsmeriaid yw sut yr ydym mewn gwirionedd yn mesur ein perfformiad yng ngyd-destun y targed hwnnw o 90 diwrnod, ac a oes arnom angen, o bosibl, ddull gwahanol o gasglu data.

[64] **Alun Cairns:** Would you say that the complicated or, some people say, bureaucratic, structure and process contributes to the slow procedure in appraising the applications?

[64] **Alun Cairns:** A fyddech yn dweud bod y strwythur a'r broses gymhleth neu, yn ôl rhai, fiwrocraataidd, yn cyfrannu at y gwaith araf o arfarnu'r ceisiadau?

**Dr Roberts:** We are dealing with public funds here, and I think that this committee, above all, would want to ensure that those funds are used properly. The particular complication in terms of European funds is that there are eligibility rules with which we have to comply. So, a major part of the application process is ensuring that all the aspects of a project are eligible for European funding. So, we need to make all those checks as part of the process. You may call it bureaucratic, but we obviously regularly review the processes that we have, and we think that we have streamlined them to the extent that they are now fully effective.

**Dr Roberts:** Yr ydym yn delio â chronfeydd cyhoeddus yma, a chredaf y byddai'r pwyllgor hwn am sicrhau bod y cronfeydd hynny'n cael eu defnyddio'n iawn uwchlaw popeth arall. Y cymhlethdod penodol o ran cronfeydd Ewropeaidd yw bod rheolau cymhwyster y mae'n rhaid i ni gydymffurfio â hwy. Felly mae rhan sylweddol o'r broses ymgeisio yn ymwneud â sicrhau bod pob agwedd ar brosiect yn gymwys ar gyfer cyllid Ewropeaidd. Felly, yr ydym angen gwneud yr holl wiriadau hynny fel rhan o'r broses. Gallwch ei alw'n fiwrocraataidd, ond yn amlwg yr ydym yn adolygu'r prosesau sydd gennym yn rheolaidd, a chredwn ein bod wedi eu symleiddio i'r graddau eu bod yn hollol effeithiol bellach.

[65] **Janet Davies:** I will just come in there, if I may. Do you think that if we were to break eligibility rules, perhaps the citizens of Wales might not be too happy seeing us setting such an example, which could lead to other member states being encouraged to break eligibility rules?

[65] **Janet Davies:** Yr wyf am gyfrannu yma, os caf. Pe baem yn torri rheolau cymhwyster, a ydych yn credu na fyddai pobl Cymru efallai yn hapus o'n gweld yn gosod y fath esiampl, a allai arwain at aelod-wladwriaethau eraill yn cael eu hannog i dorri rheolau cymhwyster?

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**Dr Roberts:** Absolutely. I think that the European Commission does hold up the UK in a good light on this in that it knows that we do actually apply the eligibility rules and that we take care that we understand them. Obviously, the other factor here is whether we are actually getting value for money from these projects. Again, we have to make a value-for-money appraisal as to whether it is not just eligible expenditure but actually a good use of public funds. So, I would dearly wish to reduce these appraisal times, but we have to do these checks. They are entirely right and proper, and I am sure that this committee would be very concerned if we did not do them.

**Dr Roberts:** Yn hollol. Credaf fod y Comisiwn Ewropeaidd yn fodlon iawn â'r DU yn hyn o beth a'i fod yn gwybod ein bod yn cydymffurfio â'r rheolau cymhwyster a'n bod yn cymryd gofal i sicrhau ein bod yn eu deall. Yn amlwg, y ffactor arall yma yw a ydym yn cael gwerth am arian mewn gwirionedd o'r prosiectau hyn. Eto, mae'n rhaid i ni asesu gwerth am arian er mwyn canfod a yw mewn gwirionedd yn gwneud defnydd da o gronfeydd cyhoeddus ac nid yn wariant cymwys yn unig. Felly, byddwn wir yn hoffi gostwng y cyfnodau arfarnu hyn, ond mae'n rhaid i ni wneud yr archwiliadau hyn. Maent yn hollol gywir a phriodol, ac yr wyf yn sicr y byddai'r pwyllgor hwn yn bryderus iawn pe na fyddem yn eu cyflawni.

[66] **Alun Cairns:** I have a final question to ask, if I may. At the outset of Objective 1, there were more than 600 partnership roles. Bearing in mind that the partnerships make the applications and go through the process, would you accept that the individual partnership roles have contributed to the complex structure?

[66] **Alun Cairns:** Yr wyf am ofyn un cwestiwn arall, os ydych chi. Ar ddechrau Amcan 1, yr oedd mwy na 600 o rolau partneriaeth. O gofio bod y partneriaethau yn gwneud y ceisiadau ac yn mynd drwy'r broses, a fydddech yn derbyn bod rolau partneriaeth unigol wedi cyfrannu at y strwythur cymhleth?

**Dr Roberts:** Well, this was part of the simplification agenda. It was the previous practice that, generally, the local projects had to go through the local partnership structure. We have simplified that so that projects can come forward directly now. So, I think that that issue has been dealt with through the simplification.

**Dr Roberts:** Wel, yr oedd hyn yn rhan o'r agenda symleiddio. Yr ymarfer blaenorol, yn gyffredinol, oedd bod yn rhaid i brosiectau lleol fynd drwy'r strwythur partneriaeth leol. Yr ydym wedi symleiddio hynny er mwyn i brosiectau allu dod ymlaen yn uniongyrchol yn awr. Felly, credaf ein bod wedi delio â'r mater hwnnw drwy'r symleiddio.

[67] **Leighton Andrews:** On this question of the 90-day target, it is only fair to say that the NAO report does indicate that you have had a lot of success in reducing appraisal times. Indeed, there has been a substantial reduction in the proportion of projects taking longer than a year to approve—it is down from 60 per cent to 13 per cent. The majority of projects are now approved within six months. In terms of this target issue, might it be sensible for you to be looking

[67] **Leighton Andrews:** O ran y targed 90 diwrnod, teg fyddai dweud bod adroddiad y Swyddfa Archwilio Genedlaethol yn nodi eich bod wedi llwyddo i ostwng cyfnodau arfarnu. Yn wir, bu gostyngiad sylweddol yn y gyfran o brosiectau sy'n cymryd mwy na blwyddyn i'w cymeradwyo—mae i lawr o 60 y cant i 13 y cant. Cymeradwyir y mwyafrif o brosiectau yn awr o fewn chwe mis. O ran mater y targed hwn, a fyddai'n gwneud synnwyr i chi edrych ar

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at different levels of targets for different kinds of projects, given the complexities that you are facing with some of them? Would it be more appropriate to set, say, a 90-day target in some cases and, say, a 180-day target in others? Would it be possible to look at the different kinds of projects according to certain levels of complexity in that way?

**Dr Roberts:** We could look at that. As I said before, we can give an early indication to a project sponsor, if it is a straightforward project, of the length of time that it will take. We can probably even pinpoint the advisory group that it would go to, and so on. I think that the problem with the more complex ones is that it would be difficult to set a target from the outset. The other thing here is that the IT system that we have is not very good on this, as the report indicates. We have had to set up a separate appraisal diary to record times. So, that is not fully integrated with our IT system at the moment. We will certainly address this with the new IT system. I think that we would be happy to look at that. However, I really want resources within WEFO to go towards pushing the projects through as quickly as possible rather than recording against targets the whole time.

[68] **Janet Davies:** Thank you. Before I bring Sir Jon in, I just want to ask Dr Roberts one question. You have referred to the different types of applications that you are getting and to the fact that some are very basic. Do you have a significant level of totally inappropriate applications, where, for example, you have somebody ringing up saying that they need a new car for their business?

**Dr Roberts:** Yes, we do. The reason that I am smiling is that one came through yesterday, actually. Sometimes we have to explain to people what the structural funds are about. The other issue, which is

lefelau gwahanol o dargedau ar gyfer gwahanol fathau o brosiectau, o ystyried y cymhlethdodau yr ydych yn eu hwynebu gyda rhai ohonynt? A fyddai'n fwy priodol i osod, dyweder, darged 90 diwrnod mewn rhai achosion a, dyweder, darged 180 diwrnod mewn achosion eraill? A fyddai modd edrych ar wahanol fathau o brosiectau yn ôl lefelau penodol o gymhlethdod yn y ffordd honno?

**Dr Roberts:** Gallem edrych ar hynny. Fel y dywedais yn gynharach, gallwn roi arwydd cynnar i noddwyr prosiectau, os yw'n brosiect syml, o'r cyfnod y bydd yn ei gymryd. Mae'n debyg y byddwn hyd yn oed yn gallu enwi'r grŵp cynghori y byddai'n mynd ato, ac ati. Credaf mai'r broblem gyda'r rhai mwyaf cymhleth yw y byddai'n anodd gosod targed o'r cychwyn. Y peth arall yma yw nad yw'r system TG sydd gennym yn un dda iawn yn hyn o beth, fel y mae'r adroddiad yn ei nodi. Yr ydym wedi gorfod sefydlu dyddiadur arfarnu ar wahân i gofnodi amseroedd. Felly, nid yw hynny wedi'i integreiddio'n llawn â'n system TG ar hyn o bryd. Byddwn yn sicr yn mynd i'r afael â hyn gyda'r system TG newydd. Credaf y byddem yn fodlon edrych ar hynny. Fodd bynnag, yr wyf wir am i adnoddau o fewn WEFO fynd tuag at yrru'r prosiectau drwedd cyn gynted â phosibl yn hytrach na chofnodi yn erbyn targedau drwy'r amser.

[68] **Janet Davies:** Diolch. Cyn i mi ofyn i Syr Jon wneud sylw, yr wyf am ofyn un cwestiwn i Dr Roberts. Yr ydych wedi cyfeirio at y mathau gwahanol o geisiadau yr ydych yn eu cael ac at y ffaith bod rhai yn sylfaenol iawn. A oes gennych lefel sylweddol o geisiadau hollol amhriodol, lle, er enghraifft, mae rhywun yn ffonio a dweud eu bod angen car newydd ar gyfer eu busnes?

**Dr Roberts:** Oes. Y rheswm fy mod yn gwenu yw bod un wedi dod trwedd ddoe, a dweud y gwir. Weithiau mae'n rhaid i ni egluro hyd a lled y cronfeydd strwythurol wrth bobl. Y mater arall, sy'n

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more understandable perhaps, is that, clearly, our targets are mainly economic targets that we have to meet. There is a wide range of good projects out there, which certainly have a social benefit, but, unless we can derive an economic outcome, it is difficult for us to support them.

**Sir Jon Shortridge:** I just wanted to say on the generic subject of targets that one of Emyr's jobs as Chief Executive of WEFO, as far as I am concerned, is to drive up the performance of his organisation. Targets are, conventionally, an important part of achieving that. So, I think that it is a judgment for him as to what is appropriate in these circumstances. You can, by relaxing targets, send a signal to your staff that may not be the signal that you want to send. I think that the key judgment for him is whether this ambitious, if not aspirational, target is something that is going to be misleading to applicants and which they would find unhelpful. We have had some discussion on that now, and he has answered those questions, but I think that that is the key message that I want to take away from the exchanges that we have had on this and, if this is unhelpful to applicants, something needs to be done about it.

[69] **David Melding:** The most disturbing thing about this exchange is that there seems to be no effective way of verifying the targets. It seems to be a matter of complete subjective interpretation. It is not easy to scrutinise if that is the case.

**Dr Roberts:** No, that is not correct.

[70] **Janet Davies:** Would you like to expand on that?

**Dr Roberts:** Our IT systems are not perfect, but we can track the projects through. So, we can measure very accurately what these figures are.

fwy dealladwy o bosibl, yw bod ein targedau, yn amlwg, yn dargedau economaidd yn bennaf y mae'n rhaid i ni eu bodloni. Mae amrywiaeth eang o brosiectau da allan yno, sydd yn sicr â buddion cymdeithasol, ond, os nad ydym yn gallu cael canlyniadau economaidd, mae'n anodd i ni eu cefnogi.

**Syr Jon Shortridge:** Yr oeddwn am ddweud o ran y pwnc generig o dargedau mai un o swyddogaethau Emyr fel Prif Weithredwr WEFO, cyn belled ag y gwn i, yw gwella perfformiad ei sefydliad. Mae targedau, yn gonfensiynol, yn rhan bwysig o gyflawni hynny. Felly, credaf mai ei gyfrifoldeb ef yw penderfynu beth sy'n briodol dan yr amgylchiadau hyn. Gallwch, drwy lacio'r targedau, anfon arwydd i'ch staff nad yw'n arwydd yr ydych am ei anfon. Credaf mai'r prif benderfyniad iddo yw a yw'r targed uchelgeisiol, dyheadol efallai, yn rhywbeth a fydd yn camarwain ymgeiswyr ac y bydd yn anghynorthwyol iddynt. Yr ydym wedi trafod hynny i raddau yn awr, ac mae wedi ateb y cwestiynau hynny, ond credaf mai dyna'r neges allweddol yr wyf am ei chymryd o'r trafodaethau yr ydym wedi'u cael ar hyn ac, os yw hyn yn anghynorthwyol i ymgeiswyr, mae angen gwneud rhywbeth yn ei gylch.

[69] **David Melding:** Y peth sy'n peri'r pryder mwyaf am y drafodaeth hon yw yr ymddengys nad oes ffordd effeithiol o ddilysu'r targedau. Ymddengys ei fod yn fater o ddehongli goddrychol llwyr. Nid yw'n hawdd craffu arno os yw hynny'n wir.

**Dr Roberts:** Na, nid yw hynny'n gywir.

[70] **Janet Davies:** A hoffech ymhelaethu ar hynny?

**Dr Roberts:** Nid yw ein systemau TG yn berffaith, ond gallwn olrhain prosiectau. Felly, yr ydym yn gallu mesur y ffigurau hyn yn gywir iawn.



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[71] **David Melding:** The interpretation that you give to when a project is at a complete stage in its application so that you can consider it, is so subjective—and I had a long explanation that I found difficult to follow, and maybe you should not set a target; perhaps a more qualitative approach is the way to go about it. However, to have a hard target and then to say, ‘Sorry, we cannot really see whether we have met it or not, or what proportion have not met it’, is not at all helpful.

**Dr Roberts:** When we have all the information available and when match funding and planning permission is in place, for instance, that is when we should enter it onto the system.

[72] **Leighton Andrews:** Chair, it seems to me unhelpful to have these assertions, and it is quite clear that the NAO has managed to track down the timings. So, Mr Melding’s assertion that these things are entirely subjective seems to be totally disproved by the measurement of the NAO.

[73] **David Melding:** I said that there is a large subjective element.

[74] **Janet Davies:** Okay. I do not want an argument between two Members. We will move on to Jocelyn’s questions.

[75] **Jocelyn Davies:** I have a few questions about appraisal. We heard your comments about needing a robust appraisal system. Page 21 of the report says that internal audit found significant weaknesses in the appraisal of Objective 1 European regional development fund projects. Two years ago, this committee was assured by the accounting officer that those weaknesses would be addressed. That does not appear to have happened.

[71] **David Melding:** Mae eich dehongliad mor oddrychol o pan fo prosiect wedi cyrraedd cyfnod cwblhau ei gais er mwyn ichi allu ei ystyried—a chefais esboniad hir a oedd yn anodd ei ddilyn, ac efallai na ddylech osod targed; efallai bod angen dull mwy ansoddol o fynd ati. Fodd bynnag, nid yw cael targed cadarn ac yna dweud, ‘Mae’n ddrwg gennym, ni allwn ddweud a ydym wedi ei gyrraedd ai peidio, neu pa gyfran sydd heb ei gyrraedd’, yn ddefnyddiol o gwbl.

**Dr Roberts:** Pan fydd gennym yr holl wybodaeth ar gael a phan fo arian cyfatebol a chaniatâd cynllunio yn eu lle, er enghraifft, dyna pryd y dylem ei gofnodi ar y system.

[72] **Leighton Andrews:** Gadeirydd, ymddengys nad yw’n ddefnyddiol cael yr honiadau hyn, ac mae’n amlwg bod y Swyddfa Archwilio Genedlaethol wedi llwyddo i olrhain yr amseriadau. Felly, ymddengys fod honiad Mr Melding bod y pethau hyn yn gwbl oddrychol yn cael ei wrthbrofi’n llwyr gan fesur y Swyddfa Archwilio Genedlaethol.

[73] **David Melding:** Dywedais fod elfen oddrychol fawr.

[74] **Janet Davies:** Iawn. Nid wyf am weld ffræ rhwng dau Aelod. Symudwn ymlaen at gwestiynau Jocelyn.

[75] **Jocelyn Davies:** Mae gennyf ambell gwestiwn am arfarnu. Clywsom eich sylwadau ar yr angen am system arfarnu gadarn. Mae tudalen 21 yr adroddiad yn dweud fod yr archwiliad mewnol wedi canfod diffygion sylweddol wrth arfarnu prosiectau cronfa datblygu rhanbarthol Ewrop Amcan 1. Dwy flynedd yn ôl, rhoddwyd sicrwydd i’r pwyllgor hwn gan y swyddog cyfrifo y byddai’n mynd i’r afael â’r diffygion hynny. Ymddengys nad yw hynny wedi digwydd.

**Sir Jon Shortridge:** Emyr can give you

**Syr Jon Shortridge:** Gall Emyr roi

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some of the detail, but there is a difference between saying that you are going to address an issue and actually resolving it. A lot of work has been undertaken, before and since this internal audit report. New guidance has been issued, we have better systems for management checks, we have better risk assessments, and we have improved financial appraisals. Part of this is that WEFO was a new organisation with new, inexperienced staff at the outset. It is now a more mature organisation with much better systems. My understanding is that, with one or two fairly minor exceptions, Emyr would say that he has dealt with all the issues arising in the 2002 report to his satisfaction.

**Dr Roberts:** I will pass this on to Helen.

**Mrs Usher:** The internal audit report covered the whole of the period to the point at which they did the audit, which was last year. So, it is a pre and post 2002 report, and there is a mix of projects in there. A significant amount of extra guidance has been available to staff since 2004, as well as full appraisal frameworks, including forms that must be filled in at certain stages in the projects, so that all the decisions are documented. The internal audit report found that, in some cases, the evidence and cross-referencing was not there. So, it was not that the work had not been done, but that it was not easy to find and it was not easy to cross-refer. So, we have tightened up our procedures since then. We have put in some management checks, and we have tightened up the guidance to ensure that people are using the proper forms on the files so that you can refer the evidence on the file to the final judgment on value for money. In addition, we have doubled the size of our financial audit accounting team, so we now have more resource there. That was one of the bottlenecks that came out of our looking at appraisal times. So we have put resources into

rhywfaint o'r manylion i chi, ond mae gwahaniaeth rhwng dweud eich bod yn mynd i roi sylw i fater a datrys mater mewn gwirionedd. Mae llawer o waith wedi'i wneud, cyn ac ar ôl adroddiad yr archwiliad mewnol hwn. Mae canllawiau newydd wedi'u cyhoeddi, mae gennym well systemau ar gyfer archwiliadau rheoli, mae gennym well asesiadau risg, ac mae gennym well arfarniadau ariannol. Mae rhan o hyn oherwydd bod WEFO yn sefydliad newydd gyda staff newydd, amhrofiadol o'r cychwyn. Mae'n sefydliad aeddfetach bellach gyda systemau gwell o lawer. O'r hyn y deallaf, gydag un neu ddau o eithriadau cymharol fychan, byddai Emyr yn dweud ei fod wedi delio gyda'r holl faterion sy'n deillio o adroddiad 2002 i'w foddhad.

**Dr Roberts:** Yr wyf am adael i Helen ateb y cwestiwn hwn.

**Mrs Usher:** Yr oedd adroddiad yr archwiliad mewnol yn cynnwys y cyfnod cyfan hyd at wneud yr archwiliad, sef y llynedd. Felly, mae'r adroddiad yn ymwneud â'r adeg cyn ac ar ôl 2002, ac mae cymysgedd o brosiectau yno. Mae cryn dipyn o ganllawiau ychwanegol wedi bod ar gael i staff ers 2004, yn ogystal â fframweithiau arfarnu llawn, gan gynnwys ffurflenni sy'n rhaid eu llenwi ar gyfnodau penodol o'r prosiectau, er mwyn dogfennu'r holl benderfyniadau. Datgelodd yr adroddiad archwiliad mewnol, mewn rhai achosion, nad oedd y dystiolaeth a'r croesgyfeirio yno. Felly, nid oedd yn ymwneud â nad oedd y gwaith wedi'i wneud, ond nad oedd yn hawdd dod o hyd iddo ac nad oedd yn hawdd ei groesgyfeirio. Felly, yr ydym wedi cryfhau ein gweithdrefnau ers hynny. Yr ydym wedi cyflwyno rhai archwiliadau rheoli, ac wedi cryfhau'r canllawiau i sicrhau bod pobl yn defnyddio'r ffurflenni cywir ar y ffeiliau fel y gallwch gyfeirio'r dystiolaeth ar y ffeil i'r penderfyniad terfynol ar werth am arian. Yn ogystal, yr ydym wedi dyblu maint ein tîm cyfrifo archwiliad mewnol, felly mae gennym fwy o adnoddau ar

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checking costings and the reasonableness and value for money of projects and into developing the systems that back those up.

gyfer hynny yn awr. Dyna oedd un o'r tagfeydd a ddeilliodd wrth i ni edrych ar amseroedd gwerthuso. Felly yr ydym wedi neilltuo adnoddau ar gyfer archwilio costau a rhesymoldeb a gwerth am arian prosiectau ac ar gyfer datblygu'r systemau sy'n ategu'r rheini.

[76] **Jocelyn Davies:** You say that a detailed appraisal is carried out in all cases. However, you will know that, in paragraph 3.36, the Auditor General says that, in some cases, only the final judgment may be recorded rather than how the decision was arrived at. Have things changed since this report was published? At the time of this report, obviously, this must have been correct, because you would have agreed this report, would you not?

[76] **Jocelyn Davies:** Yr ydych yn dweud bod arfarniad manwl yn cael ei gyflawni ym mhob achos. Fodd bynnag, gwyddoch, ym mharagraff 3.36, fod yr Archwilydd Cyffredinol yn dweud, mewn ambell achos, mai dim ond y penderfyniad terfynol y gellir ei gofnodi yn hytrach na'r penderfyniad a wnaed. A yw pethau wedi newid ers cyhoeddi'r adroddiad hwn? Pan luniwyd yr adroddiad hwn, yn amlwg, mae'n rhaid i hyn fod yn gywir, oherwydd y byddech wedi cytuno ar yr adroddiad hwn, oni fyddech?

**Mrs Usher:** Yes. We have tightened up since the report and since the final internal audit report came out. So, new instructions have gone out to staff since then. They are aware that they need to fully document.

**Mrs Usher:** Byddem. Yr ydym wedi tynhau'r broses ers yr adroddiad ac ers cyflwyno adroddiad terfynol yr archwiliad mewnol. Felly, mae cyfarwyddiadau newydd wedi'u dosbarthu i staff ers hynny. Maent yn ymwybodol fod angen iddynt ddogfennu'n llawn.

[77] **Jocelyn Davies:** So, no shortcuts are being taken even though you are trying, obviously, to reduce the amount of time you spend on appraisal, and you are satisfied and fully confident that all that detailed work is being done?

[77] **Jocelyn Davies:** Felly, nid ydych yn torri corneli er eich bod yn ceisio, yn amlwg, ostwng y cyfnod a dreulir gennych yn arfarnu, ac yr ydych yn fodlon ac yn hollol hyderus bod yr holl waith manwl yn cael ei wneud?

**Mrs Usher:** Yes, and the study that we undertook of the appraisal time showed that we were doing more work, but in a shorter period. So, the number of days spent on a project had actually gone up, but the elapse time had gone down. We do more things in parallel.

**Mrs Usher:** Ydwyf, a dangosodd yr astudiaeth a gyflawnwyd ar gyfnod arfarnu ein bod yn gwneud mwy o waith, ond mewn cyfnod byrrach. Felly, yr oedd nifer y dyddiau a dreuliwyd ar brosiect wedi mynd i fyny mewn gwirionedd, ond yr oedd y cyfnod a aeth heibio wedi mynd i lawr. Yr ydym yn gwneud mwy o bethau ar yr un pryd.

[78] **Janet Davies:** This is quite a long report, so we will have a coffee break for 15 minutes. If everyone could be back

[78] **Janet Davies:** Mae hwn yn adroddiad eithaf hir, felly byddwn yn cael egwyl coffi am 15 munud. Pe bai pawb

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here between 10.50 a.m. and 10.55 a.m., yn dychwelyd rhwng 10.50 a.m. a 10.55 a.m., byddwn yn parhau â rhan 4 yr adroddiad.

*Gohiriwyd y cyfarfod rhwng 10.42 a.m. ac 11.00 a.m.  
The meeting was adjourned between 10.42 a.m. and 11.00 a.m.*

[79] **Janet Davies:** If we can now move on to part 4 of the report, Denise will start the questioning.

[79] **Janet Davies:** Pe gallwn symud ymlaen at ran 4 yr adroddiad, bydd Denise yn dechrau'r holi.

[80] **Denise Idris Jones:** Thank you, Chair. Sorry for delaying things. Part 4, on page 25 of the report, is headed 'Helping to deliver what is promised', which is quite some heading in a way, and covers WEFO's control and monitoring of the grants after they have been approved. Why has the review of instructions to project auditors for funds other than the European social fund not been completed?

[80] **Denise Idris Jones:** Diolch, Gadeirydd. Mae'n ddrwg gennyf am ohirio pethau. Y pennawd i ran 4, ar dudalen 25 yr adroddiad, yw 'Helpu cyflwyno'r hyn a addewir', sy'n grynn bennawd mewn ffordd, ac yn cwmpasu gwaith WEFO o reoli a monitro'r grantiau ar ôl iddynt gael eu cymeradwyo. Pam nad yw'r adolygiad o gyfarwyddiadau i archwilwyr prosiectau ar gyfer cronfeydd ar wahân i gronfa gymdeithasol Ewrop wedi ei gwblhau?

**Sir Jon Shortridge:** Which paragraph is that, so that I am clear?

**Syr Jon Shortridge:** Pa baragraff yw hwnnw, i mi fod yn glir?

[81] **Denise Idris Jones:** It is paragraph 4.7, where it states that WEFO has reviewed the instructions to project auditors for the ESF but has not completed similar reviews for the other funds.

[81] **Denise Idris Jones:** Paragraff 4.7, ble mae'n dweud bod WEFO wedi adolygu'r cyfarwyddiadau i archwilwyr prosiectau ar gyfer cronfa gymdeithasol Ewrop ond nad yw wedi cwblhau adolygiadau cyffelyb ar gyfer y cronfeydd eraill.

**Sir Jon Shortridge:** It is my understanding that the full review of these systems is currently in progress and should be completed in September.

**Syr Jon Shortridge:** Yr wyf ar ddeall bod yr adolygiad llawn o'r systemau hyn ar waith ar hyn o bryd a dylai fod wedi ei gwblhau ym mis Medi.

[82] **Denise Idris Jones:** Right. Are you therefore saying that we will have completed the review by September?

[82] **Denise Idris Jones:** O'r gorau. A ydych yn dweud, felly, y byddwn wedi cwblhau'r adolygiad erbyn mis Medi?

**Sir Jon Shortridge:** Yes.

**Syr Jon Shortridge:** Ydw.

[83] **Denise Idris Jones:** So, everything will be on board?

[83] **Denise Idris Jones:** Felly, bydd popeth wedi ei gynnwys?

**Sir Jon Shortridge:** Yes.

**Syr Jon Shortridge:** Bydd.

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[84] **Denise Idris Jones:** Thank you very much.

[84] **Denise Idris Jones:** Diolch yn fawr iawn.

[85] **Christine Gwyther:** I move onto paragraph 4.10 and your project monitoring team. I believe that there have been delays in setting up the team, although you have said that it will be coming on stream. Can you tell us what experience you have garnered from other Objective 1 regions, some of which in the UK are more advanced in their programme of visits? Are you actually following their model? Obviously Jon, you carry out risk assessments routinely. Have you made an assessment of the risks from not having established the team earlier? I am thinking maybe of previous European programmes, where we have hit upon difficulties that have had to be resolved. Have you made a risk assessment of the problems that could be associated with that team not being set up earlier?

[85] **Christine Gwyther:** Symudaf ymlaen at baragraff 4.10 a'ch tîm monitro prosiect. Credaf y bu oedi wrth sefydlu'r tîm, er eich bod wedi dweud y bydd yn cael ei gyflwyno. A allwch ddweud wrthym pa brofiad yr ydych wedi ei ddysgu gan ranbarthau Amcan 1 eraill, rhai ohonynt yn y DU sy'n fwy datblygedig yn eu rhaglen ymweliadau? A ydych yn dilyn eu hesiampl mewn gwirionedd? Yn amlwg Jon, yr ydych yn cynnal asesiadau risg fel mater o drefn. A ydych wedi asesu'r risgiau o beidio â sefydlu'r tîm yn gynharach? Yr wyf yn meddwl, efallai, am raglenni Ewropeaidd blaenorol, lle daethom ar draws anawsterau y bu'n rhaid eu datrys. A ydych wedi cynnal asesiad risg o'r problemau a allai fod yn gysylltiedig â'r methiant i sefydlu'r tîm hwnnw yn gynharach?

**Sir Jon Shortridge:** Could I deal with the second part of the question and then hand over to Emyr? I certainly have not done a formal risk assessment of this issue, but I do regard this as probably the most important risk identified in this report that, arguably, has not been fully managed. There is no more that we can do to manage it at the moment, because—as Emyr can tell you—the team is now in place, although we still have two vacancies to fill. However, it is performing. Arguably, it was put in place—in my judgement—12 to 18 months later than it should ideally have been put in place. We will have to manage the consequences of that in terms of making use of other information and intelligence that we have through our other audit arrangements to satisfy the European Union on the issues relating to the projects which were going through at an earlier stage. Therefore, I think that that is a legitimate criticism of us in this report. I do not regard it as a very serious issue. It is one that I am satisfied that we can manage, but I am uncomfortable that

**Syr Jon Shortridge:** A gaf fi ateb ail ran y cwestiwn ac yna trosglwyddo'r awenau i Emyr? Yn sicr, nid wyf wedi cynnal asesiad risg ffurfiol o'r mater hwn, ond credaf mai dyma'r risg bwysicaf a nodir yn yr adroddiad hwn, y gellid dadlau nad yw wedi ei rheoli'n llawn. Ni allwn wneud mwy i'w rheoli ar hyn o bryd oherwydd—fel y gall Emyr ddweud wrthyf—mae'r tîm bellach ar waith, er bod gennym ddwy swydd wag o hyd. Fodd bynnag, mae'n perfformio. Gellid dadlau iddo gael ei sefydlu—yn fy marn i—12 i 18 mis yn hwyrach nag y dylasai yn ddelfrydol. Bydd yn rhaid i ni reoli canlyniadau hynny o ran gwneud defnydd o wybodaeth a deallusrwydd arall sydd gennym drwy ein trefniadau archwilio eraill i fodloni'r Undeb Ewropeaidd ar y materion sy'n ymwneud â'r prosiectau a oedd yn cael eu cyflwyno yn gynharach. Felly, credaf ei bod yn feirniadaeth gyfiawn ohonom yn yr adroddiad hwn. Nid yw hwn yn fater difrifol yn fy marn i. Mae'n un yr wyf yn fodlon y gallwn ei reoli, ond mae'n chwith gennyf ein bod yn y sefyllfa yr ydym ynddi mewn

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we are in the position that we are in on that.

**Mrs Usher:** To answer the first part of your question, yes, John Davies, who is the head of the article 4 team, formerly worked in WEFO and has worked in the Welsh European Programme Executive. Therefore, he has a lot of experience of running structural fund programmes. We are using his experience of programme management issues in the article 4 team, but he has been working very closely with other government departments in the UK. He has been working particularly closely with the Department for Work and Pensions to ensure that the systems that we are setting up are, at least, as robust as its systems. Actually, I think that it is learning a couple of things from us on our documentation and so on.

On the second part, yes, as part of my role now, I am looking at how all the controls that we have in place throughout WEFO fit together so that we can actually get consistency of operation across WEFO and that we get lessons learned and shared among all of the partners, both internally in WEFO and with local partnerships and project sponsors. As part of that, we have been looking at whether the additional risk of not having undertaken visits at the start of the programme means that we need to do more back-end checks. We have come up with some figures that suggest that we might need to double our article 10 verification—financial control visits—for projects that were approved pre 2003. So, that is the balancing on it—more audit is needed so that we do not end up with problems when it comes to closure.

[86] **Christine Gwyther:** One of the problems is that people dispose of their documents before they should do. There was talk at one time of having a financial control toolkit to give to project sponsors. Is that happening? Has that been brought forward?

perthynas â hynny.

**Mrs Usher:** I ateb rhan gyntaf eich cwestiwn, ydym, oherwydd yr oedd John Davies, pennaeth y tîm erthygl 4, yn arfer gweithio yn WEFO ac mae wedi gweithio yng Ngweithrediaeth Rhaglen Ewropeaidd Cymru. Felly, mae ganddo lawer o brofiad o fod yn gyfrifol am raglenni cronfeydd strwythurol. Yr ydym yn defnyddio ei brofiad o faterion rheoli rhaglenni yn y tîm erthygl 4, ond mae wedi bod yn gweithio'n agos iawn ag adrannau eraill y llywodraeth yn y DU. Mae wedi bod yn gweithio'n arbennig o agos gyda'r Adran Gwaith a Phensiynau i sicrhau bod y systemau yr ydym yn eu sefydlu mor drwyadl â'i systemau hi o leiaf. A dweud y gwir, credaf ei bod yn dysgu rhywfaint gennym ni mewn perthynas â'n dogfennau ac ati.

I ateb yr ail ran, ydw, fel rhan o fy swydd ar hyn o bryd, yr wyf yn edrych ar sut mae'r holl reolaethau sydd gennym ledled WEFO yn gweithio gyda'i gilydd fel y gallwn sicrhau gweithredu cyson ledled WEFO mewn gwirionedd a'n bod yn dysgu gwersi ac yn eu rhannu ymysg yr holl bartneriaid, a hynny'n fewnol yn WEFO a chyda phartneriaethau lleol a noddwyr prosiectau. Fel rhan o hynny, yr ydym wedi bod yn edrych ar a oes angen i ni gynnal mwy o wiriadau ar ddiwedd y rhaglenni oherwydd y risg ychwanegol o beidio â chynnal ymweliadau ar y dechrau. Mae gennym rai ffigurau sy'n awgrymu efallai fod angen i ni ddyblu ein gwiriad erthygl 10—ymweliadau rheoli ariannol—ar gyfer prosiectau a gymeradwywyd cyn 2003. Felly, dyna'r cydbwysu—mae angen mwy o archwilio fel nad oes gennym broblemau pan ddaw'r gwaith i ben.

[86] **Christine Gwyther:** Un o'r problemau yw bod pobl yn gwaredu eu dogfennau cyn y dylent. Bu sôn ar un adeg am gael pecyn rheoli ariannol i'w rhoi i noddwyr prosiectau. A yw hynny'n digwydd? A yw honno wedi ei chyflwyno?

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**Mrs Usher:** We now have a requirement in the approval letter that documents are retained for the set period. We have been running seminars and workshops with the financial control team to talk to project sponsors to make clear to them what their responsibilities are. This will also feed through the aftercare visits that are undertaken with local partnerships. I am not sure about a toolkit per se, but I know that there are systems in place already for improving the communication between our financial control team and project sponsors.

**Mrs Usher:** Yr ydym bellach yn cynnwys gofyniad yn y llythyr cymeradwyo i ddogfennau gael eu cadw am gyfnod penodol. Buom yn cynnal seminarau a gweithdai gyda'r tîm rheoli ariannol i siarad â noddwyr prosiectau i'w hysbysu'n glir am eu cyfrifoldebau. Bydd hyn hefyd yn berthnasol i'r ymweliadau ôl-ofal a gynhelir gyda phartneriaethau lleol. Nid wyf yn siŵr am becyn fel y cyfryw, ond gwn fod systemau eisoes ar waith i wella'r cyfathrebu rhwng ein tîm rheoli ariannol a noddwyr prosiectau.

[87] **Christine Gwyther:** May I suggest that that proposal is looked at a bit more carefully? Certainly, as far as project sponsors out there are concerned, I think that they are hoping that some sort of verifiable advice is given to them. Going on to paragraph 4.16, the Auditor General has suggested that you consider practical ways of reducing the inspection burden, while accepting that the scope for doing that is limited by European regulations. How do you plan to take forward that recommendation?

[87] **Christine Gwyther:** A gaf awgrymu bod y cynnig hwnnw'n cael ei ystyried ychydig yn fwy gofalus? Yn sicr, cyn belled ag y mae noddwyr prosiectau yn y cwestiwn, credaf eu bod yn gobeithio y byddant yn cael rhyw fath o gyngor gwiriadwy. Gan symud ymlaen i baragraff 4.16, mae'r Archwilydd Cyffredinol wedi awgrymu y dylech ystyried ffyrdd ymarferol o leihau'r baich arolygu, tra'n derbyn bod rheoliadau Ewropeaidd yn cyfyngu ar y gallu i wneud hynny. Sut yr ydych yn bwriadu gweithredu'r argymhelliad hwnnw?

**Mrs Usher:** We have a requirement under the regulations, and this is something that the commission is strictly enforcing, namely that we need a verification team and an audit team. We have to do those separately, so we cannot have one audit or one visit that meets both functions. We are trying to ensure that we have good co-ordination, so that we do not end up with one team turning up one week and another turning up the week after, or whatever. What is important, on a more strategic scale, is that we ensure that we maximise the coverage so that we do not just look at whether we are choosing projects, but that we also look at it when we look at sponsors.

**Mrs Usher:** Mae'n ofynnol i ni dan y rheoliadau, ac mae hyn yn rhywbeth y mae'r comisiwn yn ei orfodi'n llym, sef bod arnom angen tîm gwirio a thîm archwilio. Rhaid i ni wneud y rheini ar wahân, felly ni allwn gael un archwiliad neu un ymweliad sy'n bodloni'r ddau swyddogaeth. Yr ydym yn ceisio sicrhau ein bod yn cyd-drefnu'n dda, fel nad oes gennym un tîm yn ymweld un wythnos ac un arall yn ymweld yr wythnos ganlynol, neu beth bynnag. Yr hyn sy'n bwysig, ar raddfa fwy strategol, yw ein bod yn sicrhau cymaint o gwmpas â phosibl fel nad ydym yn edrych ar a ydym yn dewis prosiectau'n unig, ond ein bod hefyd yn edrych arno pan yr ydym yn edrych ar noddwyr.

So, if we do, perhaps, a detailed audit of a particular sponsor, that feeds through,

Felly, os yr ydym, efallai, yn cynnal archwiliad manwl o noddwr arbennig,

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which might mean that we do not need to do article 4 verification visits or systems visits on new projects with that sponsor, if we think that they are low risk. We are putting the feedback loops into place now so that we have, perhaps, a more intelligent way of looking at all the controls that we are undertaking.

[88] **Christine Gwyther:** Finally, coming back to targets, which I guess we will probably be concentrating on this morning, you agreed to consider a policy of visiting all project sponsors at least once. How does your policy of visiting 10 per cent of all projects every year measure up to that? Will the two balance out?

**Mrs Usher:** We will visit every sponsor, but the 10 per cent means 10 per cent of projects. So, they are measuring slightly different things. We will ensure that we do get all sponsors visited. We have the aftercare function from local partnerships, which are required to visit every project at least once a year and to be in touch with them every six months. My claims team and I are looking at whether we should visit a project on its first claim to ensure that it is getting its systems in place from the start and that we build up a face-to-face contact, which is quite important when we are looking at developing a sufficient working relationship where people can come to you saying, 'Our project is going more slowly than we thought', so we get that intelligence and honesty in the relationship. That may be what is lacking at the moment and what is causing us the problems that we will probably come to in chapter 5.

[89] **Christine Gwyther:** That is sometimes the hardest conversation to have, but it is extremely necessary.

**Mrs Usher:** You can do it if you know

mae hwnnw'n porthi drwodd, a allai olygu nad oes angen i ni gynnal ymweliadau gwirio erthygl 4 na ymweliadau systemau ar gyfer prosiectau newydd gyda'r noddwr hwnnw, os yr ydym o'r farn eu bod yn risg isel. Yr ydym yn rhoi dolenni adborth ar waith fel bod gennym, efallai, ffordd fwy deallus o edrych ar yr holl reolaethau yr ydym yn eu gweithredu.

[88] **Christine Gwyther:** Yn olaf, gan ddod yn ôl at dargedau, y tybiaf y byddwn yn canolbwyntio arnynt y bore yma, bu i chi gytuno i ystyried polisi o ymweld â'r holl noddwyr prosiectau o leiaf unwaith. Sut mae eich polisi o ymweld â 10 y cant o'r holl brosiectau bob blwyddyn yn bodloni hynny? A fydd y ddau'n cydbwysu?

**Mrs Usher:** Byddwn yn ymweld â phob noddwr, ond mae'r 10 y cant yn golygu 10 y cant o brosiectau. Felly, maent yn mesur pethau ychydig yn wahanol. Byddwn yn sicrhau yr ymwelir â phob noddwr. Mae gennym y swyddogaeth ôl-ofal gan bartneriaethau lleol, sy'n gorfod ymweld â phob prosiect o leiaf unwaith y flwyddyn a chysylltu â hwy bob chwe mis. Mae fy nhîm hawliadau a minnau yn edrych ar a ddylem ymweld â phrosiect adeg ei gais cyntaf i sicrhau bod ganddo ei systemau ar waith o'r cychwyn a'n bod yn datblygu cysylltiad wyneb yn wyneb, sy'n eithaf pwysig pan yr ydym yn edrych ar ddatblygu perthynas waith ddigonol lle y gall pobl ddod atoch gan ddweud, 'Nid yw ein prosiect yn datblygu mor gyflym ag yr oeddem yn meddwl', fel ein bod yn cael y deallusrwydd a'r gonestrwydd hynny yn y berthynas. Efallai mai dyna sydd ar goll ar hyn o bryd ac yn achosi i ni'r problemau y byddwn yn dod atynt ym mhennod 5, mae'n siŵr.

[89] **Christine Gwyther:** Weithiau, dyna'r sgwrs anoddaf i'w chael, ond mae'n hynod angenrheidiol.

**Mrs Usher:** Gallwch ei wneud os ydych



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each other and the trust is there.

yn adnabod eich gilydd ac mae'r ymddiriedaeth yno.

[90] **Christine Gwyther:** Finally, on the specific recommendation 14 in appendix 1, you said that you would publish a statement outlining the respective roles of external project sponsors and financial control teams. Has that been done?

[90] **Christine Gwyther:** Yn olaf, yn achos yr argymhelliad 14 penodol yn atodiad 1, dywedasoch y byddech yn cyhoeddi datganiad yn amlinellu rolau noddwyr prosiectau allanol a thîmau rheoli ariannol. A yw hynny wedi ei wneud?

**Mrs Usher:** We have a fact sheet in draft at the moment that will make clear to project sponsors what the article 4 responsibilities are, so that that will be clearer, and we are building into the partnership bulletins and the information, and that goes out to applicants and says that article verification 4 does this, aftercare does this and financial control does this, so that we are clear what the different responsibilities are.

**Mrs Usher:** Yr ydym yn braslunio ffeithlen ar hyn o bryd a fydd yn ei gwneud yn glir i noddwyr prosiectau beth yw'r cyfrifoldebau erthygl 4, fel y bydd hynny'n fwy clir, ac yr ydym yn ychwanegu at y bwletinâu partneriaeth a'r wybodaeth, ac anfonir honno at ymgeiswyr ac mae'n dweud bod gwiriad erthygl 4 yn gwneud hyn, mae ôl-ofal yn gwneud hyn ac mae rheoli ariannol yn gwneud hyn, fel ein bod yn deall beth yw'r gwahanol gyfrifoldebau.

[91] **Jocelyn Davies:** I have a couple of questions on outputs. Double counting is something that I would like to focus in on. Page 28 of the report outlines some weaknesses in measuring outputs, and the report states that there are no controls to prevent double counting between projects, nor are there any robust systems to measure the effects of the programmes on business turnover. So, obviously, if there is a risk then of double counting, people are going to view your figures with great suspicion, so what are you going to do to prevent that?

[91] **Jocelyn Davies:** Mae gennyf gwestiynau am allbynnau. Mae cyfrif ddwywaith yn rhywbeth yr hoffwn ganolbwyntio arno. Mae tudalen 28 yr adroddiad yn amlinellu rhai gwendidau wrth fesur allbynnau, a noda'r adroddiad nad oes rheolaethau i atal cyfrif ddwywaith rhwng prosiectau, ac nad oes ychwaith unrhyw systemau cadarn i fesur effeithiau'r rhaglenni ar drosiant busnes. Felly, yn amlwg, os oes wedyn berygl o gyfrif ddwywaith, mae pobl yn mynd i amau eich ffigurau'n fawr, felly beth yr ydych yn mynd i'w wneud i rwystro hynny?

**Sir Jon Shortridge:** I will hand over to Emyr, but, certainly, this is an issue that is being actively addressed at the moment. Within individual projects, the risks of double counting are quite small, but where you have different projects with shared objectives, you can see that there is an overlap and, potentially, quite a serious risk of double counting, which, arguably, you will never be able to eliminate altogether, and that is the same with any grant scheme, not necessarily just a European grant scheme. It is about

**Syr Jon Shortridge:** Trosglwyddaf yr awenau i Emyr, ond, yn sicr, dyma fater yr ydym wrthi'n mynd i'r afael ag ef ar hyn o bryd. O fewn prosiectau unigol, mae'r perygl o gyfrif ddwywaith yn eithaf isel, ond lle mae gennyh brosiectau gwahanol ag amcanion cyffredin, gallwch weld bod gorgyffwrdd ac, o bosibl, berygl eithaf difrifol o gyfrif ddwywaith, perygl y gellid dadlau na allwch fyth ei waredu'n gyfan gwbl, ac mae hynny'n wir am unrhyw gynllun grant, nid cynllun grant Ewropeaidd yn

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how you actually associate outcomes with this particular input of grant. There was then an issue around spatial information, where, if you have joint sponsors but there is a lead sponsor, that lead sponsor may associate the outputs to its area and not to the whole area. So there are quite tricky conceptual issues in all of that, but I will hand over to Emyr who can tell you where we have got to in dealing with this.

**Dr Roberts:** Just to say that the mid-term evaluation found that most projects had robust mechanisms in place to avoid double counting within projects, so I think that we are fairly confident that, at project level, they are measuring them accurately, but we are continuing to issue guidance to ensure that that is the case. As the Permanent Secretary mentioned, one of the difficulties, and this is not particular to the structural funds programmes, but to any intervention on the economic front, is that businesses or projects are probably picking up funding from a variety of sources, and it is very difficult to disentangle which funding is going to which output, and I do not think that we have cracked that yet. It is a very difficult issue, and it is not just in Wales; it is endemic within economic development.

What we are doing is working with the project sponsors so that, if there is a multifunding going in, they are quite clear what the outputs relating to structural funds are, and if other bodies, such as the WDA, WalesTrade International, or whatever are putting in separate funding, then they count those outputs against that particular set of funding. So we are trying to work on that, and we have guidance on good practice and on the collection and recording and monitoring of data in a final draft stage, and that will be issued.

unig o reidrwydd. Mater ydyw o sut yr ydych mewn gwirionedd yn cysylltu allbynnau gyda'r mewnbwn grant penodol hwn. Yr oedd wedyn fater ynghylch gwybodaeth ofodol lle, os oes gennych gyd-noddwyr ond bod prif noddwr, y gall y prif noddwr hwnnw gysylltu'r allbynnau â'i ardal ef ac nid â'r ardal gyfan. Felly mae materion cysyniadol eithaf cymhleth yn gysylltiedig â hynny oll, ond trosglwyddaf yr awenau i Emyr a all ddweud wrthyhych sut mae ein gwaith o ddelio â hyn yn mynd rhagddo.

**Dr Roberts:** Dim ond i ddweud i'r gwerthusiad canol tymor ganfod bod gan fwyafrif y prosiectau fecanweithiau cadarn ar waith i osgoi cyfrif ddwywaith o fewn prosiectau, felly credaf ein bod yn weddol hyderus eu bod, ar lefel prosiect, yn eu mesur yn gywir, ond yr ydym yn parhau i roi canllawiau i sicrhau mai dyna'r achos. Fel y soniodd yr Ysgrifennydd Parhaol, un o'r anawsterau, ac nid yw hyn yn unigryw i'r rhaglenni cronfeydd strwythurol, ond i unrhyw ymyrraeth ym maes economaidd, yw bod busnesau neu brosiectau yn ôl pob tebyg yn cael arian gan amrywiaeth o ffynonellau, ac mae'n anodd iawn gweld pa arian sy'n mynd i ba allbwn, ac ni chredaf ein bod wedi mestroli hynny hyd yma. Mae'n fater anodd iawn, ac nid yw'n unigryw i Gymru; mae'n endemig ym maes datblygu economaidd.

Yr hyn yr ydym yn ei wneud yw gweithio gyda noddwyr prosiectau, felly, os oes arian yn dod o fwy nag un ffynhonnell, maent yn bendant beth yw'r allbynnau sy'n gysylltiedig â chronfeydd strwythurol, ac os yw cyrff eraill, megis y WDA, MasnachCymru Ryngwladol, neu bwy bynnag yn rhoi arian ar wahân, yna maent yn cyfrif yr allbynnau hynny yn erbyn yr arian penodol hwnnw. Felly yr ydym yn ceisio gweithio ar hynny, ac mae gennym ganllawiau ar arferion da ac ar gasglu a chofnodi a monitro data yn y cam braslunio terfynol, a bydd y rheini'n cael eu cyhoeddi.

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[92] **Jocelyn Davies:** So currently then, how accurate is this? How far out could they possibly be because of this? Is it a little bit? Is it a lot?

**Dr Roberts:** All I can say is that the mid-term evaluation did not think that this was a general problem or a significant issue. We are, through the research monitoring and evaluation team, looking at data quality at the moment. So on the second issue that the Permanent Secretary raised, in terms of what the outputs are recorded against, we do accept that the data needs to be cleaned up there so that the outputs are in the right areas for instance. That work is ongoing, but I think that our overall view is that that is not a significant issue and that the output data are reliable.

[93] **Jocelyn Davies:** Okay. So it is insignificant, and it is very difficult to solve anyway?

**Dr Roberts:** I think that that is right. We will do what we can in terms of cleaning up the data and making sure that they are in the right boxes, but we do not believe that they are far out.

[94] **Jocelyn Davies:** Okay. I have just another question on mapping, and, as you know, at appendix 1, as Christine just mentioned, there is the list of recommendations made to you from the last audit report, and I wanted to refer to recommendation 2. I see that there is no detailed mapping work to identify areas where shortfalls exist. So in the absence of that, how is the information on geographic distribution used to manage the programme?

**Dr Roberts:** I will just give a general reply and perhaps Helen can take over. The difficulty that we have is that the IT system does not record this automatically, so we have had to put in place a separate IT collection system to draw down the spatial data. That is not ideal, but that is

[92] **Jocelyn Davies:** Felly pa mor gywir yw hyn ar hyn o bryd? Pa mor anghywir y gallent fod oherwydd hyn? Mymryn yn anghywir? Neu'n anghywir iawn?

**Dr Roberts:** Y cyfan y gallaf ei ddweud yw nad oedd y gwerthusiad canol tymor o'r farn bod hon yn broblem gyffredinol nac yn fater pwysig. Yr ydym ar hyn o bryd, drwy'r tîm monitro a gwerthuso ymchwil, yn edrych ar ansawdd data. Felly yn achos yr ail fater y bu i'r Ysgrifennydd Parhaol ei grybwyll, o ran yr hyn y cofnodir allbynnau yn ei erbyn, yr ydym yn derbyn bod angen ad-drefnu'r data fel bod yr allbynnau yn yr ardaloedd cywir er enghraifft. Mae'r gwaith hwnnw'n parhau, ond credaf mai'r farn gyffredinol yw nad yw'n fater pwysig a bod y data allbynnau yn ddibynadwy.

[93] **Jocelyn Davies:** O'r gorau. Felly mae'n amherthnasol, ac mae'n anodd iawn i'w ddatrys beth bynnag?

**Dr Roberts:** Credaf fod hynny'n gywir. Gwnawn yr hyn y gallwn o ran ad-drefnu'r data a sicrhau ei fod yn y bocsys cywir, ond ni chredwn ei fod yn bell ohoni.

[94] **Jocelyn Davies:** O'r gorau. Mae gennyf gwestiwn arall am fapio, ac, fel y gwyddoch, yn atodiad 1, fel y mae Christine newydd sôn, ceir rhestr o argymhellion a wnaed i chi o'r adroddiad archwilio diwethaf, ac yr oeddwn am gyfeirio at argymhelliad 2. Gwelaf nad oes gwaith mapio manwl i nodi ardaloedd lle ceir diffygion. Felly yn absenoldeb hwnnw, sut y defnyddir gwybodaeth am ddsbarthiad daearyddol i reoli'r rhaglen?

**Dr Roberts:** Rhoddaf ateb cyffredinol ac efallai y gall Helen gymryd drosodd. Y broblem sydd gennym yw nad yw'r system TG yn cofnodi hyn yn awtomatig, felly bu'n rhaid i ni roi system gasglu TG ar wahân ar waith i gael y data gofodol. Nid yw hynny'n ddelfrydol, ond dyna ein

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where we are, clearly, and the new system will actually pick that up. We are able to draw down some information on a spatial basis and, indeed, that was reported to the programme monitoring committees, up there, at each meeting. However, it is quite difficult to get underneath those figures, although we can undertake separate exercises depending on what the question that you want to answer is.

**Mrs Usher:** While we have not undertaken a mapping exercise across the whole of the area, what happens is that the data are passed down to local partnerships, so local partnerships will use that data to see whether what is being delivered in their area meets their needs and whether there are any gaps. If they see gaps at a local level, then they can encourage projects to come forward to fill those gaps. We are also looking at this as part of the strategic work of the thematic advisory groups. They are now asking for some of this data so that they can look at how projects are spread across the area to make sure, again, that, with their knowledge of what needs to happen across Wales, there are not any gaps in the programme there as well.

[95] **Janet Davies:** We will now move on to part 5, 'Keeping the money'. I think that this is a particularly important section. I will ask David Melding to start the questioning.

[96] **David Melding:** You needed to deploy special measures such as retrospective funding to do this, to meet the spending targets and to qualify for the performance reserve for 2003, and that seems to have been quite an intensive effort. I wonder what the lessons are, and what the fact that we needed to do this to such an extent has told you about the overall programme.

**Sir Jon Shortridge:** I will just say a few things on that, if I may. It clearly was an

sefyllfa, yn amlwg, a bydd y system newydd yn cael gafael ar hwnnw mewn gwirionedd. Gallwn gael rhywfaint o wybodaeth ar sail gofod ac, yn wir, adroddwyd hynny i'r pwyllgorau monitro rhaglenni, i fyny fan acw, ym mhob cyfarfod. Fodd bynnag, mae'n anodd iawn treiddio'n ddwfn i'r ffigurau hynny, er y gallwn gynnal ymarferion ar wahân yn dibynnu ar beth yw'r cwestiwn yr ydych am ei ateb.

**Mrs Usher:** Er nad ydym wedi cynnal ymarfer mapio ar gyfer yr ardal gyfan, yr hyn sy'n digwydd yw bod y data'n cael ei drosglwyddo i bartneriaethau lleol, felly bydd partneriaethau lleol yn defnyddio'r data hwnnw i weld a yw'r hyn sy'n cael ei gyflawni yn eu hardal yn diwallu eu hanghenion ac a oes unrhyw fylchau. Os ydynt yn gweld bylchau'n lleol, gallant annog prosiectau i ddod i lenwi'r bylchau hynny. Yr ydym hefyd yn edrych ar hyn fel rhan o waith strategol y grwpiau cynghori thematig. Maent bellach yn gofyn am rywfaint o'r data hwn fel y gallant edrych ar sut mae prosiectau wedi eu gwasgaru ar draws yr ardal i sicrhau, eto, gyda'u gwybodaeth am yr hyn sydd ei angen i ddigwydd ledled Cymru, nad oes bylchau yn y rhaglen yn y fan honno hefyd.

[95] **Janet Davies:** Trown yn awr at ran 5, 'Cadw'r arian'. Credaf fod hon yn adran arbennig o bwysig. Gofynnaf i David Melding ddechrau'r holi.

[96] **David Melding:** Bu'n rhaid i chi ddefnyddio mesurau arbennig megis ariannu ôl-weithredol i wneud hyn, i fodloni'r targedau gwario a bod yn gymwys ar gyfer y gronfa perfformiad ar gyfer 2003, ac mae'n ymddangos i honno fod yn ymdrech ddwys. Tybed beth yw'r gwersi, a beth mae'r ffaith i chi orfod gwneud hyn i'r fath raddau yn ei ddweud wrthy ch am y rhaglen yn gyffredinol.

**Syr Jon Shortridge:** Yr wyf am ddweud rhai pethau am hynny, os y caf. Mae'n

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intensive effort. It was an intensive effort that—as this report indicates—actually paid off very well for the Assembly as a whole. Emyr can explain some of the lessons and the way that we are taking this forward for the future, but I think that the point to emphasise is that the problems that we were confronting last year were clearly not unique.

All the structural fund areas in the UK, and probably more widely across Europe, were also having to confront these problems, because last year was the first real year when the two-year commitment target really struck home. I think that, certainly across the UK, a lot of creative thinking went on to find ways in which we could properly meet the targets to the satisfaction of the European Union and, as this report indicates, the NAO. That is the background to it and I think that it is important that that background should be understood. However, in terms of the lessons learned for the future and so on, I will hand over to Emyr.

**Dr Roberts:** To just give you a little bit of background, I think that the so-called N+2 rule, the annularity of targets, is a new feature for these programmes. For the 1994-99 programme, for instance, out of a total expenditure of £230 million for Wales, £150 million went out after the programme had ended, at the end of 1999. Clearly, that was not satisfactory from the European Commission's point of view, which is why it brought this in. As I say, it is new and, as the Permanent Secretary says, all the regions of the UK were grappling with this problem and, in fact, some of the regions used retrospection, for instance, to a far greater extent than we did.

In terms of lessons for the future—Helen mentioned this earlier in the

amlwg iddi fod yn ymdrech ddwys. Yr oedd yn ymdrech ddwys a wnaeth—fel y dengys yr adroddiad hwn—mewn gwirionedd dalu ar ei chanfed i'r Cynulliad yn ei gyfanrwydd. Gall Emyr egluro rhai o'r gwersi a'r modd yr ydym yn datblygu hyn ar gyfer y dyfodol, ond credaf mai'r hyn i'w bwysleisio yw ei bod yn amlwg nad oedd y problemau yr oeddem yn eu hwynebu y llynedd yn unigryw.

Yr oedd yr holl ardaloedd cronfeydd strwythurol yn y DU, ac yn ehangach ar draws Ewrop mae'n debyg, hefyd yn gorfod mynd i'r afael â'r problemau hyn, oherwydd y llynedd oedd y flwyddyn gyntaf go iawn i'r targed ymrwymo am ddwy flynedd gael effaith mewn gwirionedd. Credaf y bu llawer o feddwl creadigol, yn sicr ar draws y DU i ddod o hyd i ffyrdd y gallem gyrraedd y targedau'n briodol i fodloni'r Undeb Ewropeaidd ac, fel y noda'r adroddiad hwn, y SAG. Dyna'r cefndir iddo a chredaf ei bod yn bwysig deall y cefndir hwnnw. Fodd bynnag, o ran gwersi a ddysgwyd ar gyfer y dyfodol ac ati, trosglwyddaf yr awenau i Emyr.

**Dr Roberts:** I roi ychydig o gefndir i chi, credaf fod y rheol N+2 fel y'i gelwir, sef cylchogrwydd targedau, yn nodwedd newydd i'r rhaglenni hyn. Ar gyfer rhaglen 1994-99, er enghraifft, o gyfanswm o £230 miliwn o wariant ar gyfer Cymru, dosbarthwyd £150 miliwn ar ôl i'r rhaglen orffen, ar ddiwedd 1999. Yn amlwg, nid oedd hynny'n foddhaol ym marn y Comisiwn Ewropeaidd, a dyma'r rheswm iddo gyflwyno'r rheol hon. Fel y dywedaf, mae'n newydd ac, fel y dywed yr Ysgrifennydd Parhaol, yr oedd holl ranbarthau'r DU yn mynd i'r afael â'r broblem hon ac, mewn gwirionedd, bu i rai o'r rhanbarthau ddefnyddio ôl-weithredu, er enghraifft, i raddau llawer helaethach nag y gwnaethom ni.

O ran gwersi ar gyfer y dyfodol—bu i Helen sôn am hyn yn gynharach yn y

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proceedings—we have a monthly meeting to regularly go through the commitment figures and the spend figures, and twice a year we go right through the programmes from top to bottom so that we know exactly where we are in terms of spend and commitment. For example, as a result of our meeting in February, we took the decision to invite retrospection bids much earlier in the process. So we have invited retrospection bids this year, with a closing date later this month, to avoid the last minute rush that occurred last time. We may not need to use those projects, but at least they are there for us. So I think that we have a much better grip in terms of the information as to where we are in the programmes. We are also working far more strategically with the project sponsors in bringing forward projects. One of the unique features, particularly of the Objective 1 programme, is that, as I mentioned previously, it was, certainly in the early stages, very much a bottom-up programme, with large numbers of relatively small projects. That has made it difficult because there are capacity issues in those organisations, and some of those organisations have fallen behind profile in terms of spending and handling projects, whereas the experience of some of our colleagues in the structural funds programmes, in England, for instance, is that they had far fewer larger projects being handled by people who understood project management far better. While those projects took time to set up, now that they are set up, they are actually spending very well. So, we are not quite there in terms of where we want to be, but we are taking a much more strategic look at this. Those are some of the lessons.

I suppose that the issue, as well, is that we have gone out to project sponsors to tell them of the importance of having accurate profiles. What was bedevilling

cyfarfod—yr ydym yn cynnal cyfarfod misol i edrych ar y ffigurau ymrwymiad a'r ffigurau gwario yn rheolaidd, a, ddwywaith y flwyddyn, yr ydym yn edrych ar y rhaglenni i gyd drwyddynt draw fel ein bod yn gwybod beth yn union yw ein sefyllfa o ran gwario ac ymrwymiad. Er enghraifft, o ganlyniad i'n cyfarfod ym mis Chwefror, penderfynasom wahodd cynigion ôl-weithredol yn llawer cynharach yn y broses. Felly yr ydym wedi gwahodd cynigion ôl-weithredol eleni, gyda dyddiad cau yn hwyrach y mis hwn, i osgoi'r rhuthr munud olaf a ddigwyddodd y tro diwethaf. Efallai na fydd angen i ni ddefnyddio'r prosiectau hynny, ond o leiaf maent yno i ni. Felly credaf fod gennym afael llawer gwell o ran y wybodaeth am le yr ydym arni yn y rhaglenni. Yr ydym hefyd yn gweithio'n llawer mwy strategol gyda noddwyr y prosiectau wrth gyflwyno prosiectau. Un o'r nodweddion unigryw, yn enwedig o ran y rhaglen Amcan 1 yw, fel y soniais yn gynharach, ei bod, yn sicr yn y camau cynnar, yn rhaglen pen i wared i raddau helaeth, gyda nifer fawr o brosiectau cymharol fach. Mae hynny wedi ei gwneud yn anodd oherwydd bod materion o ran gallu yn y sefydliadau hynny, ac mae rhai o'r sefydliadau hynny yn cael eu gadael ar ôl y proffil o ran gwario a thrafod prosiectau, tra mai profiad rhai o'n cydweithwyr yn y rhaglenni cronfeydd strwythurol, yn Lloegr, er enghraifft, oedd bod ganddynt nifer lawer llai o brosiectau mwy yn cael eu trafod gan bobl â dealltwriaeth lawer gwell o reoli prosiectau. Er i'r prosiectau hynny gymryd amser i'w sefydlu, yn awr eu bod wedi eu sefydlu, maent yn gwario'n dda iawn mewn gwirionedd. Felly, nid ydym wedi cyrraedd ble yr ydym am fod yn hollol, ond yr ydym yn edrych ar hyn yn llawer mwy strategol. Dyna rai o'r gwersi.

Tybiaf mai'r mater, hefyd, yw i ni fynd at noddwyr prosiectau i ddweud wrthynt am bwysigrwydd cael proffiliau cywir. Yr hyn a oedd yn ein drysu y llynedd oedd

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us last year was that the headline figures in terms of commitment and spend looked fine. We quickly realised, however, that people were not keeping to those profiles, and, in fact, some things have happened to projects—they were well behind profiles, but they were not telling us about it. Consequently, our management information system was giving us a very optimistic view of where we were actually at compared to the projects themselves. We have now tightened that up by going back to the project sponsors and insisting that they give us revised profiles, and we monitor that very carefully at a project level so that we can take it up with project sponsors if they are behind profile. What we really want to know is whether they are simply late in presenting a claim to us, in which case there is no issue as we know that the claim is coming, or whether there are serious issues with the projects themselves, and we certainly want to know about that and to work with the project applicants to help them through that.

[97] **David Melding:** I will just follow up with some of the problems that might exist because of these measures, which, as you say, are quite typical and are used all over Europe and Britain. You said that other parts of the UK face similar difficulties, but would you say that our performance bears comparison with those other areas and that we are not in a different league in terms of proportions, so that we can be reassured on that? In my interpretation—and I may be being naive and getting this wrong—the use of these measures will lengthen the programme times, in effect, will they not, by the time these displaced projects, or whatever you call them, are then commissioned? This may not be a bad thing, but it may impact, because you made comment on the previous programme with regard to its being quite deficient in having so much falling

bod y ffigurau pennawd o ran ymrwymiad a gwario yn ymddangos yn iawn. Bu inni sylweddoli'n fuan, fodd bynnag, nad oedd pobl yn cadw at y proffiliau hynny, ac, mewn gwirionedd, mae rhai pethau wedi digwydd i brosiectau—yr oeddynt ymhell y tu ôl o ran proffil, ond nid oeddynt yn dweud hynny wrthym. O ganlyniad, yr oedd ein system gwybodaeth reoli yn rhoi golwg optimistaidd iawn i ni o le yr oeddem arni mewn gwirionedd o gymharu â'r prosiectau eu hunain. Yr ydym bellach wedi tynhau hynny trwy ddychwelyd at noddwyr y prosiectau a mynnu eu bod yn rhoi proffiliau adolygedig i ni, ac yr ydym yn monitro hynny'n ofalus iawn ar lefel prosiect fel y gallwn drafod hynny gyda noddwyr prosiectau os ydynt y tu ôl o ran proffil. Yr hyn yr ydym am ei wybod mewn gwirionedd yw a ydynt ond, yn syml, yn hwyr yn cyflwyno hawliad i ni, ac os felly nid oes problem oherwydd gwyddom fod yr hawliad ar ei ffordd, neu a oes problemau difrifol gyda'r prosiectau eu hunain, ac yr ydym yn sicr am wybod am hynny a gweithio gydag ymgeiswyr y prosiectau i'w helpu gyda'r rheini.

[97] **David Melding:** Ate gaf hynny gyda rhai o'r problemau a allai fodoli oherwydd y mesurau hyn, sydd, fel y dywedwch, yn eithaf nodweddiadol ac yn cael eu defnyddio ledled Ewrop a Phrydain. Dywedaso ch i rannau eraill o'r DU wynebu anawsterau tebyg, ond a fydddech yn dweud bod ein perfformiad yn debyg i'r ardaloedd eraill hynny ac nad ydym mewn cynghrair wahanol o ran cyfrannau, fel y gallwn fod yn sicr o hynny? Yr wyf ar ddeall—ac efallai fy mod yn naif ac yn cael hyn yn anghywir—y bydd defnyddio'r mesurau hyn yn ymestyn amserau'r rhaglenni, i bob pwrpas, oni fyddant, erbyn i'r prosiectau dadleoledig hyn, neu beth bynnag y gelwch hwy, gael eu comisiynu? Efallai nad peth drwg yw hyn, ond gallai gael effaith, oherwydd i chi wneud sylw ar y rhaglen flaenorol mewn perthynas â'r ffaith ei bod yn

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outside the actual timescale. There is an issue of additionality, which must cause you concern, and, I think, probably, for us, reassurance in this regard is particularly important.

I have another issue—and, again, it may be that I just do not understand the subject thoroughly enough. Given that retrospection is used just in the public sector, does it distort the programme somewhat in taking funds away from other areas that may have had them? Also, you are just using the public sector, and you go to it and fund things that were missed opportunities, or whatever, and then you urge it to come forward with projects, but, of course, those projects are for the future, and by invitation it is asked to develop them. It all lacks a bit of innovation, does it not? Is it not a little dull compared to what we may have hoped for?

**Dr Roberts:** I counted six points in there, so I will try to take them through. Yes, I believe that the measures that we took were proportional, and that we are in line with other programmes. As I said, we were all facing the same issues throughout the UK. In terms of lengthening programme times—no, because, what we have said to the organisations where we have approved the projects is that they must bring forward projects using the released money in the same timescale as the current programme, so we want all the projects to be completed by mid 2008, and that is actually a condition of grant with them. So, no, it will not lengthen the programme period.

On additionality, yes, obviously, we are concerned about that, but the measures that we have put in place mean that the project sponsors must come to us and demonstrate what they are using the

either diffygiol oherwydd bod cymaint yn digwydd y tu allan i'r amserlen go iawn. Mae mater o ychwanegedd, sy'n siŵr o fod yn eich poeni, a, chredaf, yn ôl pob tebyg, ei bod yn hynod bwysig i ni gael sicrwydd mewn perthynas â hyn.

Mae gennyf fater arall—ac eto, efallai mai'r ffaith nad wyf yn deall y pwnc yn ddigon trylwyr ydyw. O gofio mai dim ond yn y sector cyhoeddus y defnyddir ôl-weithredu, a yw'n amharu ar y rhaglen rhywfaint wrth gymryd cronfeydd oddi wrth ardaloedd eraill a allai fod wedi eu cael? Hefyd, yr ydych ond yn defnyddio'r sector cyhoeddus, ac yr ydych yn mynd ato ac yn ariannu pethau a oedd yn gyfleoedd colledig, neu beth bynnag, ac yna yr ydych yn ei annog i gyflwyno prosiectau, ond, wrth gwrs, mae'r prosiectau hynny ar gyfer y dyfodol, a gofynnir iddo eu datblygu drwy wahoddiad. Onid oes diffyg arloesi yma? Onid ydyw fymryn yn ddiflas o gymharu â'r hyn y gallem fod wedi gobeithio amdano?

**Dr Roberts:** Cyfrais chwe phwynt yn y cwestiwn, felly ceisiaf sôn amdanynt i gyd. Ydw, yr wyf o'r farn i'r mesurau y bu i ni eu cymryd fod yn gymesur a'n bod yn cydymffurfio â rhaglenni eraill. Fel y dywedais, yr oeddem oll yn wynebu'r un materion ledled y DU. O ran ymestyn amserau'r rhaglenni—na, oherwydd, yr hyn yr ydym wedi ei ddweud wrth y sefydliadau lle yr ydym wedi cymeradwyo'r prosiectau yw bod yn rhaid iddynt gyflwyno prosiectau gan ddefnyddio'r arian sydd wedi ei ryddhau yn yr un amserlen â'r rhaglen gyfredol, felly yr ydym am i bob prosiect fod wedi ei gwblhau erbyn canol 2008, ac mae hynny mewn gwirionedd yn un o amodau'r grant gyda hwy. Felly, na, ni fydd yn ymestyn cyfnod y rhaglen.

O ran ychwanegedd, yr ydym, yn amlwg, yn poeni am hynny, ond mae'r mesurau yr ydym wedi eu rhoi ar waith yn golygu bod yn rhaid i noddwyr prosiectau ddod atom ac arddangos at ba ddiben y maent



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released moneys for. So, they have to tell us that, and we have to approve what they are using the moneys for and make sure that that is in line with the programmes and that it is delivered within the timescales. So, I believe that we are meeting additionality, and we obviously have European Commission approval for this, so the commission is also content.

In terms of taking funds away from other sectors, I will just explain that, last year, we had to manage the situation very carefully. It was completely new to us, and we felt that it was far safer to work mainly through the Assembly sponsored public bodies and other Assembly divisions in terms of handling this. We felt that there was quite a risk if we started involving other organisations, in terms of tracking the money, as to what would happen afterwards. We were criticised for that, but I think that it was a judgment that we had to make at the time and that it was a sensible precaution to take. This year, we have opened the bidding, if you like, for retrospection to a much larger number of organisations, and we would welcome bids from any organisation, as long as it understood the controls and what it had to do with the released money. So, I think that we have addressed that.

I think perhaps that behind your question is a question about the private sector. It would be quite difficult to retrospectively approve a private sector project. We would have to look at that very carefully, but, as the figures given by the Permanent Secretary earlier in this session indicated, we are more than meeting the private sector commitments that we have given on that, so I do not believe that that is the case. I should also say, perhaps, that we are taking a very prudent approach on the additional measures, and we are trying to minimise the impact on the rest of the programmes. We do not want to starve

yn defnyddio'r arian a ryddhawyd. Felly, mae'n rhaid iddynt ddweud hynny wrthym, a rhaid i ni gymeradwyo beth y maent yn defnyddio'r arian ar ei gyfer a sicrhau ei fod yn cydymffurfio â'r rhaglenni a'i fod yn cael ei gyflawni o fewn yr amserlenni. Felly, credaf ein bod yn bodloni ychwanegedd, ac, yn amlwg, mae gennym gymeradwyaeth y Comisiwn Ewropeaidd ar gyfer hyn, felly mae'r comisiwn yn fodlon hefyd.

O ran cymryd cronfeydd oddi wrth sectorau eraill, hoffwn egluro y bu'n rhaid i ni reoli'r sefyllfa'n ofalus iawn y llynedd. Yr oedd yn hollol newydd i ni, ac yr oeddem o'r farn ei bod yn llawer mwy diogel gweithio drwy'r cyrff cyhoeddus a noddir gan y Cynulliad ac isadrannau eraill y Cynulliad yn bennaf o ran delio â hyn. Yr oeddem yn teimlo bod tipyn o risg pe baem yn dechrau cynnwys sefydliadau eraill, o ran olrhain yr arian, ynglŷn â beth a fyddai'n digwydd wedyn. Cawsom ein beirniadu am hynny, ond credaf iddo fod yn benderfyniad yr oedd yn rhaid i ni ei wneud ar y pryd a'i fod yn rhagofal synhwyrol i'w gymryd. Eleni, yr ydym wedi agor y drws, os hoffwch chi, i ôl-weithredu i nifer llawer uwch o sefydliadau, a byddem yn croesawu cynigion gan unrhyw sefydliad, cyn belled â'i fod yn deall y rheolaethau a beth yr oedd yn rhaid iddo ei wneud â'r arian a ryddhawyd. Felly, credaf i ni fynd i'r afael â hynny.

Credaf fod cwestiwn am y sector preifat y tu ôl i'ch cwestiwn. Eithaf anodd fyddai cymeradwyo prosiect sector preifat yn ôl-weithredol. Byddai'n rhaid i ni edrych ar hynny'n ofalus iawn, ond, fel yr oedd y ffigurau a roddwyd gan yr Ysgrifennydd Parhaol yn gynharach yn y sesiwn hwn yn dynodi, yr ydym yn gwneud mwy na bodloni'r ymrwymadau sector preifat yr ydym wedi eu gosod ar gyfer hynny, felly ni chredaf mai dyma'r achos. Dylwn hefyd ddweud, efallai, ein bod yn cymryd ymagwedd ofalus iawn ar y mesurau ychwanegol, ac yr ydym yn ceisio lleihau'r effaith ar weddill y rhaglenni.

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any particular measures of moneys through this. We will direct retrospection to those measures and priorities that are underspending at the moment so, hopefully, there will be no shortage of funding from the programmes as a result of this.

In terms of bringing forward projects, I would dispute that the programme is lacking in innovation. The key to it is what happens to the released funds. To give you a particular example, we approved a project from the Welsh Development Agency for a business unit, as part of the package last year. That money has been recycled to help with the demolition of the former KTH Wales Ltd factory in Llanidloes, with which Mr Bates will be familiar, and there are positive, innovative things to happen on that site, so we are recycling the money to bring forward projects that probably would not happen otherwise. So, I think that we maintain innovation in the programme by doing that.

[98] **David Melding:** Thank you for that answer. There is a danger of a lack of innovation, and, obviously, you are aware of that and wish to address it, and I do not have any great problem with what you have said. How can you reassure us that the release funds will be kept to the programme's objectives in a rigorous way? When money is displaced, it does create an incentive, in a perverse way, does it not, to ensure that it is used? That is not as timely and rigorous as a system in which you can, in a more thorough fashion, release the money and absolutely ensure that the projects are robust. There is an incentive, really, to allow money to be spent now, is there not?

**Dr Roberts:** That is why we have put in the controls on the release of the money. The project sponsors have to come to us with the proposals, which we will scrutinise to make sure that they are in line with the programme and are

Nid wyf am amddifadu unrhyw fesurau arbennig o arian drwy hyn. Byddwn yn canolbwyntio ôl-weithredu ar y mesurau a blaenoriaethau hynny sy'n tanwario ar hyn o bryd felly'r gobaith yw na fydd prinder arian o'r rhaglenni o ganlyniad i hyn.

O ran cyflwyno prosiectau, buaswn yn dadlau nad oes prinder arloesedd yn y rhaglen. Yr allwedd iddo yw beth sy'n digwydd i'r cronfeydd a ryddheir. I roi enghraifft benodol i chi, bu i ni gymeradwyo prosiect gan Awdurdod Datblygu Cymru am uned fusnes, fel rhan o'r pecyn y llynedd. Mae'r arian hwnnw wedi ei ailgylchu i helpu i ddymchwel ffatri KTH Wales Cyf gynt yn Llanidloes, y bydd Mr Bates yn gyfarwydd â hi, ac mae pethau arloesol, cadarnhaol yn digwydd ar y safle hwnnw, felly yr ydym yn ailgylchu'r arian i gyflwyno prosiectau na fyddai'n digwydd fel arall yn ôl pob tebyg. Felly, credaf ein bod yn sicrhau arloesedd yn y rhaglen drwy wneud hynny.

[98] **David Melding:** Diolch am yr ateb hwnnw. Mae perygl o ddiffyg arloesedd, ac, yn amlwg, yr ydym yn ymwybodol o hwnnw ac am fynd i'r afael ag ef, ac nid oes gennyf unrhyw broblem fawr gyda'r hyn a ddywedasoch. Sut gallwch ein sicrhau y bydd y cronfeydd rhyddhau yn cael eu cadw at amcanion y rhaglen mewn modd trwyadl? Pan gaiff arian ei ddadleoli, mae'n creu cymhelliad, mewn modd gwrthnysig, onid ydyw, i sicrhau ei fod yn cael ei ddefnyddio? Nid yw hynny mor amserol a thrwyadl â system lle gallwch, mewn modd mwy trylwyr, ryddhau'r arian a sicrhau heb amheuaeth bod y prosiectau'n gadarn. Onid oes cymhelliad, mewn gwirionedd, i ganiatáu i arian gael ei wario yn awr?

**Dr Roberts:** Dyna pam yr ydym wedi rhoi'r rheolaethau ar ryddhau'r arian. Rhaid i noddwyr prosiectau ddod atom gyda'r cynigion, y byddwn yn eu harchwilio i sicrhau eu bod yn gydnaws â'r rhaglen ac yn cyfrannu at yr

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contributing to the outputs. We will be controlling the spend and monitoring the release of those moneys to make sure that the project sponsors actually carry out what they say they are going to carry out. There is a danger, but we will monitor it carefully, and we will take action if there is any sign that the project sponsor is not meeting the terms of its contract.

[99] **David Melding:** I note what you said about the future use of retrospective funding, but in terms of the tranche that we are looking at, did other areas of the United Kingdom have a different approach in terms of not making it exclusive to public bodies?

**Dr Roberts:** I am not aware that other parts of the UK did anything differently to what we did. I cannot be absolutely sure in every case, but I believe that we were all consistent on that. In fact, the approval given to us by the European Commission was a UK-wide approval. So, we were actually working to the same rules. Some measures that were not open to us in the programmes were the use of things such as loan funds. Obviously, we have an established project in terms of Finance Wales, and I think that we were one of the first programmes to approve such a large loan fund. So, clearly, we could not go down that route, whereas some programmes brought in loan funds. The advantage from a spend point of view is that you draw down all the funds immediately once it is approved. I know that some programmes did actually do that. That was not available to us, but, apart from that, I think that we were entirely consistent with everyone else.

[100] **David Melding:** It states in the report that retrospectively funded project sponsors now need to bring forward proposals for future spending and that they should have done that by 31 March 2004. However, not all have. What is the

allbynnau. Byddwn yn rheoli'r gwario ac yn monitro rhyddhau'r arian i sicrhau bod noddwyr prosiectau mewn gwirionedd yn cyflawni beth y dywedant y maent yn mynd i'w gyflawni. Mae perygl, ond byddwn yn ei fonitro'n ofalus, a byddwn yn gweithredu os oes unrhyw arwydd nad yw noddwr prosiect yn bodloni telerau ei gontract.

[99] **David Melding:** Nodaf yr hyn a ddywedasoch am y defnydd o ariannu ôl-weithredol yn y dyfodol, ond o ran y gyfran yr ydym yn edrych arni, a oedd gan ardaloedd eraill o'r Deyrnas Unedig ymagwedd wahanol o ran peidio â'i gyfyngu i gyrff cyhoeddus yn unig?

**Dr Roberts:** Nid wyf yn ymwybodol i rannau eraill o'r DU wneud unrhyw beth yn wahanol i'r hyn a wnaethom. Ni allaf fod yn hollol bendant ym mhob achos, ond credaf i ni i gyd fod yn gyson ar hynny. Mewn gwirionedd, cymeradwyaeth i'r DU gyfan oedd y gymeradwyaeth a roddwyd i ni gan y Comisiwn Ewropeaidd. Felly, yr oeddem yn gweithio i'r un rheolau mewn gwirionedd. Yr oedd y defnydd o bethau megis cronfeydd benthyg yn rhai o'r mesurau nad oedd yn opsiwn i ni yn y rhaglen. Yn amlwg, mae gennym brosiect sefydledig o ran Cyllid Cymru, a chredaf mai ni oedd un o'r rhaglenni cyntaf i gymeradwyo cronfa fenthyg mor fawr. Felly, yn amlwg, ni allem ddilyn y llwybr hwnnw, er i rai rhaglenni ddefnyddio cronfeydd benthyg. Mantais o safbwynt gwario yw eich bod yn cymryd y cronfeydd i gyd ar unwaith ar ôl iddi gael ei chymeradwyo. Gwn i rai rhaglenni wneud hynny mewn gwirionedd. Nid oedd hynny yn opsiwn i ni, ond, ar wahân i hynny, credaf i ni fod yn hollol gyson â phawb arall.

[100] **David Melding:** Nodir yn yr adroddiad fod yn rhaid i noddwyr prosiectau a ariennir yn ôl-weithredol bellach gyflwyno cynigion ar gyfer gwario yn y dyfodol ac y dylent fod wedi gwneud hynny erbyn 31 Mawrth 2004.

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latest position?

Fodd bynnag, nid ydynt i gyd wedi gwneud hynny. Beth yw'r sefyllfa ddiweddaraf?

**Dr Roberts:** That is a point that we have picked up. We will have discussions with all those projects sponsors by September at the latest to ensure that they are bringing forward projects. So, we will ensure that that happens.

**Dr Roberts:** Mae hwnnw'n bwynt yr ydym wedi sylwi arno. Byddwn yn trafod gyda'r noddwyr prosiectau hynny i gyd erbyn mis Medi fan bellaf i sicrhau eu bod yn cyflwyno prosiectau. Felly, byddwn yn sicrhau bod hynny'n digwydd.

[101] **David Melding:** So, when do you expect them to actually bring forward the projects?

[101] **David Melding:** Felly, pryd yr ydych yn disgwyl iddynt gyflwyno'r prosiectau mewn gwirionedd?

**Mrs Usher:** There was actually no deadline in the approval letter for when they had to bring forward their proposals. All that we had to ensure was that they spent the money by the end of the programme. What we are doing is actively managing the process in discussions with all of the project sponsors. By September we will have something, although they may not have formally agreed all of their plans by that point. To pick up on your point about innovation, perhaps we want things that they are thinking about, rather than projects off the shelf necessarily. So, there is a bit of a balance there really. However, we will know the position by the end of September.

**Mrs Usher:** A dweud y gwir, nid oedd dyddiad cau iddynt gyflwyno eu cynigion yn y llythyr cymeradwyo. Y cyfan yr oedd yn rhaid i ni ei sicrhau oedd eu bod yn gwario'r arian erbyn diwedd y rhaglen. Yr hyn yr ydym yn ei wneud yw mynd ati i reoli'r broses mewn trafodaethau â'r noddwyr prosiectau i gyd. Bydd gennym rywbeth erbyn mis Medi, er efallai na fyddant wedi cytuno'n ffurfiol ar eu cynlluniau i gyd erbyn hynny. I ateb eich pwynt am arloesi, efallai ein bod eisiau'r pethau y maent yn meddwl amdanynt, yn hytrach na phrosiectau parod o reidrwydd. Felly, mae rhywfaint o gydbwysedd yno mewn gwirionedd. Fodd bynnag, byddwn yn gwybod beth yw'r sefyllfa erbyn diwedd mis Medi.

[102] **David Melding:** Can you give me the range? I mean, are we now talking about March 2005? I am not saying that that is necessarily a bad thing; that is not where I am coming from. However, if it goes beyond the date that you agreed, then the time for completing these projects gets shorter and shorter. That is my concern, really. So, are you looking at the end of the year, or, perhaps, early next spring for one or two of them? Most of them will obviously be through the system by then.

[102] **David Melding:** A allwch roi'r amserlen i mi? Hynny yw, a ydym bellach yn sôn am fis Mawrth 2005? Nid wyf yn dweud bod hyn o reidrwydd yn beth drwg; nid dyna fy mhwynt. Fodd bynnag, os yw'n mynd y tu hwnt i'r dyddiad y cytunasoch arno, yna mae'r amser ar gyfer cwblhau'r prosiectau hyn yn mynd yn fyrrach a byrrach. Dyna fy mhryder, a dweud y gwir. Felly, a ydych yn edrych ar ddiwedd y flwyddyn, neu, efallai, ar ddechrau'r gwanwyn nesaf yn achos un neu ddau ohonynt? Bydd y mwyafrif ohonynt yn amlwg wedi mynd drwy'r system erbyn hynny.

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**Dr Roberts:** That is an absolutely fair point. As I said, I can give you examples of projects that have gone through. We will certainly be pressing those project sponsors to bring forward those projects as soon as possible for the reasons that you stated. So, we will ensure that they are delivered in a timely way.

**Dr Roberts:** Mae hwnnw'n bwynt hollol deg. Fel y dywedais, gallaf roi i chi enghreifftiau o brosiectau sydd wedi mynd drwodd. Byddwn yn sicr yn rhoi pwysau ar noddwyr y prosiectau hynny i gyflwyno'r prosiectau hynny cyn gynted â phosibl am y rhesymau y bu i chi eu nodi. Felly, byddwn yn sicrhau eu bod yn cael eu cyflawni ar amser.

[103] **David Melding:** Okay. I did not quite get a specific answer, but perhaps it will be followed up by other means.

[103] **David Melding:** O'r gorau. Ni chefais ateb hollol benodol, ond efallai y caiff ei ategu mewn rhyw fodd arall.

[104] **Alun Cairns:** I think that this is a significant issue. I am particularly alarmed that retrospective approval of funding was used in order to meet the spend target, because it flies in the face of the whole objective behind structural funding. In my view, structural funding is based on a vision and the measures that are put in place in order to achieve that vision. However, then we find out that, because we are not actually achieving the spend target—the N+2 targets that have already been mentioned—money will have to go back to Brussels, and so the attitude then is, let us see what other projects there are that might well have been eligible and that we can fit into the scheme in order to say that we have spent the money in the right way. So, in principle, retrospective funding bothers me considerably. It also flies in the face of the principle of additionality, because, let us be frank, those projects had gone ahead anyway, and it is not the case that structural funding is now allowing projects to go ahead that would not have gone ahead otherwise. That is clearly part of the issue. Also, suggestions had been made from a range of individuals that when we talk about approval ratings, we actually approve projects over and above what the spend limit should be, knowing full well from history that not everyone draws down the funding. I think that that has certainly been considered and urged by some individuals in particular. Why was that method not used instead?

[104] **Alun Cairns:** Credaf fod hwn yn fater pwysig. Yr wyf, yn arbennig, wedi fy nychryn bod cymeradwyo arian yn ôl-weithredol cael ei ddefnyddio i gyrraedd y targed gwario, oherwydd mae'n mynd yn groes i'r amcan cyfan sy'n sail i ariannu strwythurol. Yn fy marn i, mae ariannu strwythurol yn seiliedig ar weledigaeth a'r mesurau a weithredir i gyflawni'r amcan hwnnw. Fodd bynnag, yr ydym yna'n canfod, oherwydd nad ydym mewn gwirionedd yn cyflawni'r targed gwario—y targedau N+2 sydd eisoes wedi eu crybwyll—y bydd yn rhaid i arian fynd yn ôl i Frwsel, ac felly'r agwedd wedyn yw, gadewch i ni weld pa brosiectau eraill sydd yno a allai fod wedi bod yn gymwys ac y gallwn eu cynnwys yn y cynllun er mwyn dweud ein bod wedi gwario'r arian yn y modd cywir. Felly, mewn egwyddor, mae ariannu ôl-weithredol yn fy mhoeni'n sylweddol. Mae hefyd yn mynd yn groes i egwyddor ychwanegedd, oherwydd, gadewch i ni fod yn onest, yr oedd y prosiectau hynny wedi digwydd beth bynnag, ac nid yw'n wir bod ariannu strwythurol bellach yn caniatáu i brosiectau na fyddai wedi digwydd fel arall fynd rhagddynt. Mae hynny'n amlwg yn rhan o'r mater. Hefyd, mae amrywiaeth o unigolion wedi awgrymu pan yr ydym yn siarad am statws cymeradwyo, ein bod mewn gwirionedd yn cymeradwyo prosiectau y tu hwnt i'r hyn y dylai'r terfyn gwario fod, gan wybod yn iawn o brofiad blaenorol nad yw pawb yn cymryd yr arian. Credaf fod hynny'n sicr wedi ei

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ystyried a'i annog gan rai unigolion yn arbennig. Pam na ddefnyddiwyd y dull hwnnw yn ei le?

**Sir Jon Shortridge:** I think that we can all agree that we would have preferred not to have had to use retrospection. However, we were where we were, and we were not in a unique position. I am very satisfied, as accounting officer, that this was the right thing to do last year and that the Assembly has secured substantial benefit from it. In going forward, it is the intention that we should minimise our dependence on retrospection. I think that Emyr or Helen can give you some figures on where we think the main possibilities are, which are quite small possibilities this year, for where retrospection will bite.

On your additionality point, I think that the answers that Emyr has given indicate that we are putting in very careful controls and conditions to ensure that the money that we have counted on the retrospection element is spent appropriately, in accordance with what our conditions on structural funds would be. So, I do not think that, if you look at it from the end of the programme backwards, there will have been an additionality issue at all.

**Dr Roberts:** I concur with that. We want to keep the use of retrospection to a minimum, and we will continue to do that. If I could perhaps illustrate the way in which the funding released is being used, to demonstrate additionality at a project level, we retrospectively approved a project from the Countryside Council for Wales on nature reserves work, at £1.2 million. All the released moneys will be spent on national nature reserves, and the countryside council has brought forward seven projects that would not otherwise have happened had it not had the released moneys. So, we can clearly demonstrate additionality both at a programme level and at a project level.

**Syr Jon Shortridge:** Credaf y gallwn i gyd gytuno y byddai wedi bod yn well gennym beidio â gorfod ôl-weithredu. Fodd bynnag, yr oeddem ble yr oeddem, ac nid oeddem mewn sefyllfa unigryw. Yr wyf yn fodlon iawn, fel swyddog cyfrifo, mai dyma a oedd y peth gorau i'w wneud y llynedd a bod y Cynulliad wedi sicrhau budd sylweddol o ganlyniad. Wrth symud ymlaen, y bwriad yw y dylem leihau ein dibyniaeth ar ôl-weithredu cymaint â phosibl. Credaf y gall Emyr neu Helen roi rhai ffigurau i chi ar ble mae'r prif bosibiliadau yn ein barn ni, sy'n bosibiliadau eithaf bach eleni, ar gyfer ble y bydd ôl-weithredu yn effeithio.

O ran eich pwynt ychwanegedd, credaf fod yr atebion y mae Emyr wedi eu rhoi yn dynodi ein bod yn gosod rheolaethau ac amodau gofalus iawn i sicrhau bod yr arian yr ydym wedi ei gyfrif yn yr elfen ôl-weithredu yn cael ei wario'n briodol, yn unol â'r hyn a fyddai ein hamodau ar gronfeydd strwythurol. Felly, nid wyf o'r farn, os edrychwch arno o ddiwedd y rhaglen yn ôl, y bu mater ychwanegedd o gwbl.

**Dr Roberts:** Cytunaf â hynny. Yr ydym am gadw'r defnydd o ôl-weithredu i isafswm, a byddwn yn parhau i wneud hynny. Pe gallwn efallai enghreifftio'r modd y defnyddir arian a ryddheir, i arddangos ychwanegedd ar lefel prosiect, bu i ni gymeradwyo'n ôl-weithredol brosiect gan Gyngor Cefn Gwlad Cymru ar waith gwarchodfeydd natur, gwerth £1.2 miliwn. Bydd yr holl arian a ryddheir yn cael ei wario ar warchodfeydd natur cenedlaethol, ac mae'r cyngor cefn gwlad wedi cyflwyno saith prosiect na fyddai wedi digwydd fel arall pe na bai wedi cael yr arian a ryddhawyd. Felly, gallwn arddangos ychwanegedd yn glir ar lefel rhaglen ac ar lefel prosiect.

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In terms of the underspends, yes, we are very well aware that not all projects spend to profile or to approval. We are monitoring that very carefully. We do make allowance for that in making our financial allocations. As I said before, we monitor this on a monthly basis. So, we are aware of that. We do take account of that, but the situation that we faced at the end of last year is that, without a doubt, we would have lost moneys, and probably the performance reserve as well, in most of the funds, had we not taken this action.

O ran y tanwario, ydym, yr ydym yn ymwybodol iawn nad yw pob prosiect yn gwario yn unol â phroffil neu'n unol â chymeradwyaeth. Yr ydym yn monitro hynny'n ofalus iawn. Yr ydym yn ystyried hynny wrth wneud ein dyraniadau ariannol. Fel y dywedais o'r blaen, yr ydym yn monitro hyn yn fisol. Felly, yr ydym yn ymwybodol o hynny. Yr ydym yn ystyried hynny, ond y sefyllfa y bu i ni ei hwynebu ddiwedd y llynedd oedd, heb amheuaeth, y byddem wedi colli arian, a'r gronfa berfformiad hefyd yn ôl pob tebyg, ym mwyafrif y cronfeydd, pe na baem wedi cymryd y camau hyn.

Finally, just to back up the Permanent Secretary's point about minimising it, I can say that, for this year, we are only looking at a possibility of retrospection for the European regional development fund, Objective 1 and Objective 2. On the other programmes, we are confident that we will not need to use it at all.

Yn olaf, i gefnogi pwynt yr Ysgrifennydd Parhaol am ei leihau, gallaf ddweud, yn achos eleni, ein bod ond yn edrych ar bosibilrwydd o ôl-weithredu ar gyfer cronfa datblygu rhanbarthol Ewrop, Amcan 1 ac Amcan 2. Yn y rhaglenni eraill, yr ydym yn hyderus na fydd angen i ni ei ddefnyddio o gwbl.

[105] **Alun Cairns:** I have one brief, final point to make. I certainly concur with Sir Jon and Dr Roberts on one issue: it was the right thing to do. However, I would add to that that it was because we were at a desperate stage where spending had not been made. That is the important issue. When the performance reserve is used as an example of how well the programme is going, that is not really the case is it, because we have had to use retrospective approval in order to try to get to that point?

[105] **Alun Cairns:** Mae gennyf un pwynt byr, terfynol i'w wneud. Yr wyf yn sicr yn cytuno â Syr Jon a Dr Roberts ar un peth: dyna oedd y peth cywir i'w wneud. Fodd bynnag, byddwn yn ychwanegu at hynny mai oherwydd i ni fod mewn sefyllfa anobeithiol lle na fu gwario oedd hynny. Dyna'r mater pwysig. Pan ddefnyddir y gronfa berfformiad fel enghraifft o ba mor dda y mae'r rhaglen yn mynd rhagddi, nid dyna'r achos mewn gwirionedd onid e, oherwydd ein bod wedi gorfod defnyddio cymeradwyo ôl-weithredol i geisio cyrraedd y pwynt hwnnw?

**Sir Jon Shortridge:** I think that saying that we were in a desperate position is perhaps not quite the right way of expressing it. We were in the same situation as everyone else, for reasons which I think everyone can understand. We responded to that, I think, in an entirely appropriate and timely way. That is really what good administration should

**Sir Jon Shortridge:** Ni chredaf mai dweud i ni fod mewn sefyllfa anobeithiol yw'r ffordd hollol gywir o bosibl o'i fynegi. Yr oeddem yn yr un sefyllfa â phawb arall, am resymau y credaf y gall pawb eu deall. Bu i ni ymateb i hynny, yn fy marn i, mewn ffordd hollol briodol ac amserol. Dyna beth y dylai gweinyddu da ei olygu, yn fy nhyb i.

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be about, it seems to me.

[106] **Janet Davies:** Right. I have one question that I would like to ask on this issue before I bring Leighton in. One of the factors was the change in the European Commission's exchange rate, which is clearly a more stable exchange rate than the day-to-day fluctuations. Nevertheless, from mid summer 2002 onwards—that is a year before the EC exchange rate changed—the euro seemed to be strengthening, or there was an overall tendency for it to strengthen. I can certainly remember the late Phil Williams jumping up and down all over the place saying that there was going to be a change in the European Commission exchange rate and being told that this was not the case. It is easy in hindsight, but, for the future, are you looking very carefully at the trends in the exchange rate so that we do not get caught out in this way? I think that we were possibly caught napping.

**Dr Roberts:** The exchange rates lifted the height of the bar considerably in terms of the N+2 targets, as the report says, to the tune of about £25 million. We were aware of that happening. Clearly, exchange rates fluctuate, but we were aware of the pressure building up. I think that the fundamental reasons here were twofold: first, we did not have sufficient commitment and, therefore, spend, in the system during last year to meet these targets comfortably. We have learned from that and we have taken measures to act on it. Secondly, claims were not coming forward from project sponsors for a variety of reasons, so we have learned from that. In terms of the exchange rate, yes, we monitor it on a regular basis. In fact, I get a report every month, and we will take a decision on whether to change our planning rates as a result of that. Our planning rate at the moment is 1.40, and the Treasury's rate is 1.42, so we are very similar on that but, clearly, we will monitor the situation closely.

[106] **Janet Davies:** O'r gorau. Mae gennyf un cwestiwn yr hoffwn ei ofyn ar y mater hwn cyn i mi alw ar Leighton. Un o'r ffactorau oedd y newid yng nghyfradd gyfnewid y Comisiwn Ewropeaidd, sy'n amlwg yn gyfradd gyfnewid fwy sefydlog na'r amrywiadau o ddydd i ddydd. Serch hynny, o ganol haf 2002—sef blwyddyn cyn i gyfradd gyfnewid y Comisiwn newid—yr oedd yn ymddangos bod yr ewro yn cryfhau, neu yr oedd tueddiad cyffredinol iddo gryfhau. Gallaf yn sicr gofio'r diweddar Phil Williams yn neidio i fyny ac i lawr dros y lle i gyd gan ddweud bod cyfradd gyfnewid y Comisiwn Ewropeaidd yn mynd i newid ac yna'n cael ei hysbysu nad dyna oedd yr achos. Mae'n hawdd o edrych yn ôl, ond, ar gyfer y dyfodol, a ydych yn edrych yn ofalus ar y tueddiadau yn y gyfradd gyfnewid fel nad ydym yn cael ein dal yn y modd hwn? Credaf i ni gael ein dal yn cysgu o bosibl.

**Dr Roberts:** Cododd y cyfraddau cyfnewid uchder y bar yn sylweddol yn achos y targedau N+2, fel y dywed yr adroddiad, i oddeutu £25 miliwn. Yr oeddem yn ymwybodol o hynny'n digwydd. Yn amlwg, mae cyfraddau cyfnewid yn amrywio, ond yr oeddem yn ymwybodol o'r pwysau'n cronni. Credaf fod dau reswm sylfaenol yn y fan hon: yn gyntaf, nid oedd gennym ymrwymiad digonol ac, felly, wariant, yn y system yn ystod y llynedd i gyrraedd y targedau hyn yn ddiraffferth. Yr ydym wedi dysgu o hynny ac yr ydym wedi cymryd camau i weithredu yn ei gylch. Yn ail, nid oedd hawliadau'n cael eu cyflwyno gan noddwyr prosiectau am amrywiaeth o resymau, felly yr ydym wedi dysgu o hynny. O ran y gyfradd gyfnewid, ydym, yr ydym yn ei monitro'n rheolaidd. A dweud y gwir, caf adroddiad bob mis, a byddwn yn penderfynu a ddylem newid ein cyfraddau cynllunio o ganlyniad i hwnnw ai peidio. Ein cyfradd gynllunio ar hyn o bryd yw 1.40, ac 1.42 yw cyfradd y Trysorlys, felly yr ydym yn



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debyg iawn ond, yn amlwg, byddwn yn monitro'r sefyllfa yn ofalus.

[107] **Janet Davies:** Thank you.

[107] **Janet Davies:** Diolch.

[108] **Leighton Andrews:** You said in answer to Mr Cairns that you are reasonably happy about the progress that you are making for this year, with the exception of two or three of the programmes. Is that right?

**Dr Roberts:** With the exception of two of the programmes.

[108] **Leighton Andrews:** Dywedasoeh yn eich ateb i Mr Cairns eich bod yn gymharol fodlon â'r cynnydd yr ydych yn ei wneud eleni, ac eithrio dwy neu dair o'r rhaglenni. A yw hynny'n gywir?

**Dr Roberts:** Ac eithrio dwy o'r rhaglenni.

[109] **Leighton Andrews:** Okay. That is fine given that we are at the beginning of July, but are you confident that your forecasting is sufficiently robust so that, by the end of the year, that will be so?

[109] **Leighton Andrews:** O'r gorau. Mae hynny'n iawn o gofio ei bod yn ddechrau mis Gorffennaf, ond a ydych yn hyderus bod eich rhagolygon yn ddigon cadarn fel mai dyna a fydd yr achos erbyn diwedd y flwyddyn?

**Dr Roberts:** We have learned enormously from last year, and, in internal calculations, we apply a discount factor for the claims that we do not think will come forward. So, we have a best case, a likely case and a worst case, which we review on a monthly basis. We have very accurate—well, I will not say accurate, but we have very robust systems in place to carefully monitor this. We go through this very carefully. I am confident that we know where we will end up at the end of the year and that we have specific sums in mind for any additional measures, which we will bring forward as necessary. Clearly, just to reassure the committee, we will do everything possible to avoid using measures like retrospection in future. We do not want to use them, but it is entirely sensible to plan on this basis.

**Dr Roberts:** Yr ydym wedi dysgu'n fawr o'r flwyddyn ddiwethaf, ac, mewn cyfrifiadau mewnol, yr ydym yn rhoi ffactor disgownt ar gyfer y hawliadau na chredwn y byddant yn cael eu cyflwyno. Felly, mae gennym sefyllfa orau, sefyllfa debygol a sefyllfa waethaf, yr ydym yn eu hadolygu yn fisol. Mae gennym systemau cywir iawn—wel, nid wyf am ddweud cywir, ond mae gennym systemau cadarn iawn ar waith i fonitro hyn yn ofalus. Yr ydym yn mynd drwy hyn yn ofalus. Yr wyf yn hyderus y gwyddom ble y byddwn arni ar ddiwedd y flwyddyn a bod gennym symiau penodol mewn golwg ar gyfer unrhyw fesurau ychwanegol, y byddwn yn eu cyflwyno yn ôl yr angen. Yn amlwg, i dawelu meddwl y pwyllgor, byddwn yn gwneud popeth o fewn ein gallu i osgoi defnyddio mesurau fel ôl-weithredu yn y dyfodol. Nid ydym am eu defnyddio, ond mae'n gwbl synhwyrol i gynllunio ar y sail hon.

[110] **Leighton Andrews:** Could you say a little more about your discount factor?

**Dr Roberts:** When we analysed the figures for last year, we found that the actual expenditure incurred by projects,

[110] **Leighton Andrews:** A allech ddweud ychydig mwy am eich ffactor disgownt?

**Dr Roberts:** Pan fu i ni ddadansoddi'r ffigurau ar gyfer y llynedd, bu i ni ganfod bod y gwariant gwirioneddol a dynnwyd

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over the whole of the programmes, was roughly 35 per cent below what they were telling us in the profiles. So, using this information, we now have a sensitivity analysis on 20 per cent and 40 per cent and what the likelihood is of this reoccurring. So, we take a judgment on the basis of that kind of sensitivity analysis.

[111] **Leighton Andrews:** Looking at the report, before the last period, you achieved a number of quick wins in terms of the special measures that you were using. You have presumably exhausted your quick wins. Is that not going to make it more difficult if you have to do any retrospective work this year?

**Dr Roberts:** Clearly, there is a limit to the number of retrospection projects out there that can be used. As I said, the request for submission for the retrospection projects is not quite there yet, but we have more than enough projects in the programme that we could use and draw down if we had to. We hope to make fairly minimal use of those projects this year. Where I think that it will become more significant is towards the tail end of the programme, where it will be a very difficult job to ensure that every pound and every euro is spent in the right measure and at the right exchange rate. This is going to be a very difficult task, and I think that we envisage that we will probably need to use some retrospection projects at the very end, or add to existing projects—by extending their life, for instance. We are building up this information so that we maximise the use of the resource that is available to us.

[112] **Leighton Andrews:** Paragraphs 5.17 to 5.20 deal with late claims and make it clear that this has been an issue and that the biggest offenders are public bodies. Has the situation with regard to

gan y prosiectau, yn achos y rhaglenni i gyd, tua 35 y cant yn is na'r hyn yr oeddynt yn dweud wrthym yn y proffiliau. Felly, gan ddefnyddio'r wybodaeth hon, mae gennym bellach ddadansoddiad o sensitifrwydd ar 20 y cant a 40 y cant a pha mor debygol yw hyn o ddigwydd eto. Felly, yr ydym yn penderfynu ar sail y math hwnnw o ddadansoddiad o sensitifrwydd.

[111] **Leighton Andrews:** Gan edrych ar yr adroddiad, cyn y cyfnod diwethaf, cyflawnasoch nifer o ganlyniadau cyflym o ran y mesurau arbennig yr oeddech yn eu defnyddio. Mae'n siŵr eich bod wedi disbyddu eich canlyniadau cyflym. Onid yw hynny'n mynd i'w gwneud yn anoddach os oes rhaid i chi wneud unrhyw waith ôl-weithredol eleni?

**Dr Roberts:** Yn amlwg, mae cyfyngiad ar nifer y prosiectau ôl-weithredol y gellir eu defnyddio. Fel y dywedais, nid yw'r cais am gyflwyno ar gyfer y prosiectau ôl-weithredol wedi llwyr gyrraedd y nod hyd yma, ond mae gennym fwy na digon o brosiectau yn y rhaglen y gallem eu defnyddio a'u gweithredu pe bai'n rhaid i ni. Ein gobaith yw defnyddio'r prosiectau hynny cyn lleied â phosibl eleni. Lle yr wyf yn credu y bydd yn dod yn fwy arwyddocaol yw tuag at derfyn y rhaglen, lle y bydd yn waith anodd iawn sicrhau bod pob punt a phob ewro'n cael eu gwario yn y mesur cywir ac ar y gyfradd gyfnewid gywir. Mae hon yn mynd i fod yn dasg anodd iawn, a chredaf ein bod yn rhagweld y bydd angen i ni, yn ôl pob tebyg, ddefnyddio rhai prosiectau ôl-weithredol ar y diwedd oll, neu ychwanegu at y prosiectau cyfredol—trwy ymestyn eu hoes, er enghraifft. Yr ydym yn adeiladu'r wybodaeth hon fel ein bod yn gwneud y defnydd mwyaf posibl o'r adnodd sydd ar gael i ni.

[112] **Leighton Andrews:** Mae paragraffau 5.17 i 5.20 yn ymdrin â hawliadau hwyr ac yn ei gwneud yn amlwg bod hyn wedi bod yn broblem ac mai cyrff cyhoeddus yw'r troseddwy

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late claims improved?

**Mrs Usher:** Our claims team is now regularly chasing these up, so the number of claims outstanding has dropped. The more difficult issue for us at the moment is projects that are running behind on profile, rather than behind in terms of claiming.

[113] **Leighton Andrews:** Presumably, one of the problems with public bodies is that, unlike in the voluntary and private sectors, there is no cashflow issue driving claiming. So are we still having problems with specific public bodies?

**Dr Roberts:** Yes, we have a list of organisations that we review each month, and we go back to them and ask them where their claims forms are. Usually, there is a logical explanation: for instance, some claims need an audit certificate alongside them. In other cases, we ask more probing questions, such as whether the project is in trouble or whether it is just a delay factor. So, we do monitor that monthly.

**Sir Jon Shortridge:** This is another concern of mine coming out of the report. As Helen says, I think that the issue now is more about having accurate profile information as opposed to getting timely claims. However, given the importance of this programme to Wales and to the Assembly, I am very uncomfortable with the situation as it has been reported by the Auditor General. I will be writing to my relevant fellow accounting officers about this after this hearing and I will be placing it as an item on the agenda, so that we can discuss this as an issue collectively, when I next meet them as accounting officers. There is still the problem with local authorities, where my influence is much less, and I know that Emyr has it in mind to have meetings with all the relevant finance directors to

mwyaf. A yw'r sefyllfa o ran hawliadau hwyr wedi gwella?

**Mrs Usher:** Mae ein tîm hawliadau bellach yn mynd ar drywydd y rhain yn rheolaidd, felly mae nifer yr hawliadau sy'n weddill wedi lleihau. Y mater anoddach i ni ar hyn o bryd yw prosiectau sydd y tu ôl o ran proffil, yn hytrach nag y tu ôl o ran hawlio.

[113] **Leighton Andrews:** Un o'r problemau gyda chyrrff cyhoeddus, yn ôl pob tebyg, yw, yn wahanol i'r sectorau gwirfoddol a phreifat, nad oes mater llif arian yn ysgogi hawlio. Felly a ydym yn cael problemau gyda chyrrff cyhoeddus penodol o hyd?

**Dr Roberts:** Ydym, mae gennym restr o sefydliadau yr ydym yn eu hadolygu bob mis, ac yr ydym yn dychwelyd atynt ac yn gofyn iddynt ble mae eu ffurflenni hawliadau. Fel arfer, mae esboniad rhesymegol: er enghraifft, rhaid cyflwyno tystysgrif archwilio law yn llaw â rhai hawliadau. Mewn achosion eraill, yr ydym yn gofyn cwestiynau manylach, megis a yw'r prosiect mewn trafferth neu ai ffactor oedi yn unig ydyw. Felly, yr ydym yn monitro hynny'n fisol.

**Syr Jon Shortridge:** Mae hwn yn ofid arall i mi sy'n deillio o'r adroddiad. Fel y dywed Helen, credaf fod y mater bellach yn ymwneud yn fwy â chael gwybodaeth broffil gywir yn hytrach na chael hawliadau prydlon. Fodd bynnag, o gofio pwysigrwydd y rhaglen hon i Gymru ac i'r Cynulliad, yr wyf yn anghyfforddus iawn â'r sefyllfa fel y'i hadroddwyd gan yr Archwilydd Cyffredinol. Byddaf yn ysgrifennu at fy nghyd-swyddogion cyfrifo perthnasol am hyn ar ôl y gwrandawriad hwn a byddaf yn ei osod fel eitem ar yr agenda, fel y gallwn drafod hyn fel mater gyda'n gilydd, y tro nesaf y byddaf yn eu cyfarfod fel swyddogion cyfrifo. Mae problem o hyd gydag awdurdodau lleol, lle nad oes gennyf gymaint o ddylanwad, a gwn fod Emyr yn bwriadu cynnal cyfarfodydd gyda'r

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try to get them to understand the importance of this and to build, if necessary, special arrangements into their systems. The committee may want to make a recommendation on this matter, which would be helpful.

[114] **Leighton Andrews:** I will come on to local authorities in a moment, but if we can just stick with ASPBs, because those are highlighted in the report, and you have just said that you will be writing to them, presumably, those include organisations such as the WDA, ELWa and the Wales Tourist Board?

**Sir Jon Shortridge:** Indeed.

[115] **Leighton Andrews:** Is it your feeling that the situation might improve once these organisations have been brought in-house?

**Sir Jon Shortridge:** The short answer is yes, I would certainly hope so, but I cannot wait until April 2006.

[116] **Leighton Andrews:** I was listening with interest to what Mr Roberts said earlier about how he has been able to talk to other departments about their spending profiles in terms of match funding. This is quite an important aspect in terms of yesterday's announcement. I realise that you have to move faster than that, but we are therefore talking about bodies like the WDA, ELWa and the WTB?

**Sir Jon Shortridge:** Those are probably the three biggest bodies concerned. I think that this is an important point in relation to yesterday's announcement. Once they are inside the Assembly, it will be that much easier to work with them and to have a shared appreciation and understanding of what should be driving them. However, having said that, that is not the same thing as saying that we would be wanting them to conform to what people sometimes describe as 'our culture'. It is clearly very important that

holl gyfarwyddwyr cyllid perthnasol i geisio eu cael i ddeall pwysigrwydd hyn ac i ymgorffori, os oes angen, trefniadau arbennig yn eu systemau. Efallai fod y pwyllgor am wneud argymhelliad ar y mater hwn, a fyddai'n ddefnyddiol.

[114] **Leighton Andrews:** Dof at awdurdodau lleol mewn munud, ond pe gallem aros gyda chyrff cyhoeddus a noddir gan y Cynulliad, oherwydd bod y rheini wedi eu hamlygu yn yr adroddiad, ac yr ydych newydd ddweud y byddwch yn ysgrifennu atynt, gellid tybio bod y rheini'n cynnwys sefydliadau megis y WDA, ELWa a Bwrdd Croeso Cymru?

**Syr Jon Shortridge:** Yn wir.

[115] **Leighton Andrews:** A ydych o'r farn y gallai'r sefyllfa wella unwaith y mae'r sefydliadau hyn wedi eu cynnwys yn fewnol?

**Syr Jon Shortridge:** Yr ateb byr yw ydw, byddwn yn sicr yn gobeithio hynny, ond ni allaf aros tan Ebrill 2006.

[116] **Leighton Andrews:** Yr oeddem yn gwrando'n astud ar yr hyn a ddywedodd Mr Roberts yn gynharach am sut y mae wedi llwyddo i siarad ag adrannau eraill am eu proffiliau gwario o ran arian cyfatebol. Mae hon yn agwedd eithaf pwysig o ran cyhoeddiad y ddoe. Sylweddolaf fod yn rhaid i chi weithredu'n gynt na hynny, ond a ydym felly'n sôn am y WDA, ELWa a'r Bwrdd Croeso?

**Syr Jon Shortridge:** Mae'n debyg mai'r rheini yw'r tri chorff mwyaf dan sylw. Credaf ei fod yn bwynt pwysig mewn perthynas â chyhoeddiad y ddoe. Unwaith y byddant dan adain y Cynulliad, bydd cymaint â hynny'n haws gweithio gyda hwy a chael gwerthfawrogiad a dealltwriaeth gyffredin o beth a ddylai fod yn eu hysgogi. Fodd bynnag, ar ôl dweud hynny, nid yw hynny yr un fath a dweud y byddem am iddynt gydymffurfio â'r hyn sydd weithiau'n cael ei ddisgrifio gan bobl fel 'ein diwylliant'. Mae'n

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the WDA and the WTB, in particular, should retain their commercial edge, so I do not see that the exchange that we have just had is, in any way, undermining the objective of ensuring that they do retain that commercial edge for the benefit of Wales.

[117] **Leighton Andrews:** There were suggestions, were there not, late last year, perhaps in the mid-term evaluation, that the Assembly's own strategic objectives in these areas have not entirely been followed through? Is there a sense, then, that some of the ASPBs have their own agendas in relation to the development of projects for Objective 1?

**Sir Jon Shortridge:** I do not have sufficient evidence to comment fairly on that either way. However, if you just stand back from it, then, clearly, if the accountability is much more directly to the Assembly Government in the future, that will diminish any possibility that there could be some difference of priority within the bodies concerned.

[118] **Leighton Andrews:** Clearly, the report highlights that the ASPBs have been one area of difficulty. Is this not something that should have come out more publicly in the past, perhaps? Would it not have been helpful for them to have been specifically named and shamed?

**Sir Jon Shortridge:** Again, I do not have the detailed information of individual cases in order to be able to comment fairly on that now. In the end, maybe I will be in a better position to make a judgment on that.

**Dr Roberts:** I think that it is fair to say that many of the Assembly sponsored public bodies are delivering quite difficult and complex projects, where they are not in total control of the actual expenditure. So, if they are operating a

amlwg yn bwysig iawn bod y WDA a'r Bwrdd Croeso, yn arbennig, yn cadw'u helpen fasnachol, ac nid wyf yn gweld bod y drafodaeth yr ydym newydd ei chael yn tanseilio, mewn unrhyw ffordd, yr amcan o sicrhau eu bod yn cadw elfen fasnachol er lles Cymru.

[117] **Leighton Andrews:** Oni fu awgrymiadau, ddiwedd y llynedd, efallai yn y gwerthusiad canol tymor, nad yw amcanion strategol y Cynulliad ei hun yn yr ardaloedd hyn wedi eu cyflawni'n llawn? A oes teimlad, felly, bod gan rai o'r cyrff cyhoeddus a noddir gan y Cynulliad eu hagendâu eu hunain mewn perthynas â datblygu prosiectau ar gyfer Amcan 1?

**Syr Jon Shortridge:** Nid oes gennyf dystiolaeth ddigonol i draethu'n deg ar hynny y naill ffordd neu'r llall. Fodd bynnag, os cymerwch gam yn ôl, yna, yn amlwg, os bydd atebolrwydd llawer mwy uniongyrchol i Lywodraeth y Cynulliad yn y dyfodol, bydd hynny'n lleihau unrhyw bosibilrwydd y gallai fod rhyw wahaniaeth o ran blaenoriaeth o fewn y cyrff dan sylw.

[118] **Leighton Andrews:** Yn amlwg, mae'r adroddiad yn dangos i'r cyrff cyhoeddus a noddir gan y Cynulliad fod yn un maes o anhawster. Onid yw hyn yn rhywbeth a ddylai fod wedi ei wneud yn fwy cyhoeddus yn y gorffennol, efallai? Oni fyddai wedi bod yn ddefnyddiol iddynt gael eu henwi a'u cywilyddio'n benodol?

**Syr Jon Shortridge:** Eto, nid oes gennyf wybodaeth fanwl am achosion unigol er mwyn i mi allu traethu'n deg ar hynny yn awr. Yn y pen draw, efallai y byddaf mewn sefyllfa well i benderfynu ar hynny.

**Dr Roberts:** Credaf ei bod yn deg i ddweud bod llawer o'r cyrff cyhoeddus a noddir gan y Cynulliad yn cyflawni prosiectau eithaf anodd a chymhleth, lle nad oes ganddynt reolaeth lwyr dros y gwariant gwirioneddol. Felly, os ydynt yn

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grant scheme for private sector operators, for instance, they are dependent on the private sector coming forward and applying for that, and so are not totally in control. They are delivering, in some cases, quite difficult projects which do get knocked off course. To give a specific example, there is a very large project in the European agricultural guidance and guarantee fund part of the Objective 1 programme, and that is Farming Connect. As a result of the foot and mouth disease outbreak, that project was effectively put on hold for 12 months. It contributed to the problems that we had on the European agricultural guidance and guarantee fund last year. We would probably have been all right had it not been for that. Therefore, there is almost a sort of crudeness about naming and shaming if you do not actually know what the factors are behind that. You would have to make it explicit that, in some cases, there were things happening that were outside the control of those particular organisations.

[119] **Leighton Andrews:** We mentioned the three big ASPBs, if you like. You seemed to give an indication, Sir Jon, that you will be writing to all of them. Does that mean that the problems go beyond those three?

**Sir Jon Shortridge:** No, what I said was that I would be writing to all those accounting officers who either do have, or may have, a contribution to the structural funds. Those three are the main ones, but Emyr can help me if there are others involved.

**Dr Roberts:** There are quite significant projects from the Countryside Council for Wales and from the Environment Agency, for instance.

[120] **Leighton Andrews:** Is there any danger that these organisations have been

gweithredu cynllun grant ar gyfer gweithredwyr sector preifat, er enghraifft, maent yn dibynnu ar y sector preifat i ddod ymlaen a gwneud cais am hwnnw, felly nid oes ganddynt reolaeth lwyr. Maent yn cyflawni, mewn rhai achosion, prosiectau eithaf anodd sydd yn mynd ar gyfeiliorn. I roi enghraifft benodol, mae prosiect mawr iawn yn rhan cronfa cyfarwyddo a gwarantu amaethyddiaeth Ewrop y rhaglen Amcan 1, sef Cyswllt Ffermio. O ganlyniad i glwy'r traed a'r genau, cafodd y prosiect hwnnw ei ohirio am flwyddyn i bob pwrpas. Cyfrannodd at y problemau a gawsom gyda'r gronfa cyfarwyddo a gwarantu amaethyddiaeth Ewrop y llynedd. Byddem wedi bod yn iawn yn ôl pob tebyg oni bai am hynny. Felly, mae rhyw fath o ddiffyg chwaeth bron am enwi a chywilyddio os nad ydych yn gwybod mewn gwirionedd beth yw'r ffactorau y tu ôl i hynny. Byddai'n rhaid i chi ei wneud yn glir, mewn rhai achosion, bod pethau'n digwydd a oedd y tu hwnt i reolaeth y sefydliadau arbennig hynny.

[119] **Leighton Andrews:** Bu i ni grybwyll y tri chorff cyhoeddus mwyaf a noddir gan y Cynulliad, os hoffwch. Mae'n ymddangos i chi awgrymu, Syr Jon, y byddwch yn ysgrifennu at bob un ohonynt. A yw hynny'n golygu bod y problemau'n mynd y tu hwnt i'r tri hynny?

**Syr Jon Shortridge:** Na, yr hyn a ddywedais oedd y byddwn yn ysgrifennu at yr holl swyddogion cyfrifo hynny sydd naill ai â chyfraniad, neu efallai â chyfraniad i'r cronfeydd strwythurol. Dyna'r tri phrif rai, ond gall Emyr fy nghynorthwyo os oes rhai eraill yn berthnasol.

**Dr Roberts:** Mae prosiectau eithaf mawr gan Gyngor Cefn Gwlad Cymru a chan Asiantaeth yr Amgylchedd, er enghraifft.

[120] **Leighton Andrews:** A oes unrhyw berygl bod y sefydliadau hyn wedi eu

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funded with grant in aid, essentially, while they have been delaying their grant claims to you? They must have been, presumably—they must have had funding from somewhere.

**Sir Jon Shortridge:** Yes. With the exception of receipts, all their funding ultimately comes from us, yes.

**Dr Roberts:** This is essentially a cashflow issue for them, as to where they draw down their funding from.

[121] **Leighton Andrews:** I suppose that the issue is where they account for it subsequently, I can see that. Okay. Can I just ask you about local authorities? Again, we have heard big announcements: Ministers are going to call local authorities in the Valleys areas to a meeting about their spend. I am talking here specifically about late claims—obviously there are a whole series of issues related to local authorities, including not making use of the moneys. I think that it was £3.5 million in the case of Rhondda Cynon Taf in the last year. Is that still a problem for you this year? Are you still concerned about local authorities? You said that you were going to have a meeting with finance directors.

**Dr Roberts:** Yes, there are some issues in there which we need to talk to local authorities about. The Minister's statement was specifically on the match funding side, in that the local regeneration fund has again been underspent quite considerably this year. Again, there are issues about project delivery here, and I think that practice has varied between the local authorities. Again, I think that it would be helpful to talk to the local authorities to find out exactly what is happening. I have to say that some local authorities are delivering very well against the programme, so there are some that are doing that very well.

hariannu gyda chymorth grant, yn y bôn, tra'u bod yn gohirio eu hawliadau grant atoch chi? Mae'n rhaid eu bod, am a wn i—mae'n rhaid eu bod wedi cael cyllid o rywle.

**Syr Jon Shortridge:** Oes. Ar wahân i dderbyniadau, oddi wrthym ni y daw eu cyllid i gyd yn y pen draw, ie.

**Dr Roberts:** Mater llif arian yw hwn iddynt yn y bôn, ynglŷn ag o ble y cânt eu cyllid.

[121] **Leighton Andrews:** Tybiaf mai'r mater yw ble y maent yn rhoi cyfrif amdano wedi hynny, gallaf weld hynny. O'r gorau. A gaf fi ofyn i chi am awdurdodau lleol? Eto, yr ydym wedi clywed cyhoeddiadau mawr: mae Gweinidogion yn mynd i alw awdurdodau lleol yn ardaloedd y Cymoedd i gyfarfod am eu gwariant. Yr wyf yn sôn yn benodol yn y fan hon am hawliadau hwyr—yn amlwg mae cyfres gyfan o faterion sy'n ymwneud ag awdurdodau lleol, gan gynnwys peidio â defnyddio'r arian. Credaf iddo fod yn £3.5 miliwn yn achos Rhondda Cynon Taf yn y flwyddyn ddiwethaf. A yw hynny'n broblem i chi o hyd eleni? A yw awdurdodau lleol yn peri pryder i chi o hyd? Dywedasoich eich bod am gael cyfarfod gyda chyfarwyddwyr cyllid.

**Dr Roberts:** Ydw, mae rhai materion y mae angen i ni siarad ag awdurdodau lleol amdanynt. Yr oedd datganiad y Gweinidog yn ymwneud â'r elfen arian cyfatebol yn benodol, sef bod y gronfa adfywio leol wedi ei thanwario'n eithaf sylweddol eleni eto. Eto, mae materion am gyflawni prosiectau yma, a chredaf fod arferion wedi amrywio rhwng awdurdodau lleol. Eto, credaf y byddai'n ddefnyddiol siarad â'r awdurdodau lleol i ganfod yn union beth sy'n digwydd. Rhaid i mi ddweud bod rhai awdurdodau lleol yn cyflawni'n dda iawn yn erbyn y rhaglen, felly mae rhai sy'n gwneud hynny'n dda iawn.

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[122] **Alun Cairns:** Sir Jon and Mr Roberts, paragraph 5.17 says that some of the questions in the claim forms are baffling, and paragraph 5.21 says that the claim forms are typically 16 pages long. Are the questions and the pages necessary?

**Sir Jon Shortridge:** I think that that is probably a question for Helen.

**Mrs Usher:** Yes, I think that is for me. There is a balance in here. We were talking earlier on about wanting spatial data. For example, local partnerships want to know what is going on in their area. The only way to know that is to ask project applicants what they are doing in a particular area. Trying to get the balance right between accountability and openness, and the burden on project sponsors, is a tough issue. At the moment, the complaints are probably more on outputs than on costings, particularly for ESF. We have had more detail on the outputs, and where they are being delivered. The costing information is relatively straightforward to produce, but the other information is a bit more difficult.

[123] **Alun Cairns:** What changes are you making, then, to simplify the form and to take those baffling questions out?

**Mrs Usher:** I do not think that we can take the data requirements out. We are trying to improve the form where we can and to improve the guidance that comes with it. The difficult questions might still be there, but we might tell you how to answer them a bit better.

[124] **Janet Davies:** Before we go any further, I will ask the witnesses if you could stay until 12.15 p.m.. I know you are expecting to leave at 12 p.m.. We will try to make it quicker than that. Mick, I think that you have a declaration of interest to make?

[122] **Alun Cairns:** Syr Jon a Mr Roberts, dywed paragraff 5.17 bod rhai o'r cwestiynau yn y ffurflenni hawlio yn astrus, a dywed paragraff 5.21 bod ffurflenni hawlio tua 16 tudalen o hyd fel arfer. A oes angen y cwestiynau a'r tudalennau?

**Syr Jon Shortridge:** Credaf mai cwestiwn i Helen yw hwnnw yn ôl pob tebyg.

**Mrs Usher:** Ie, credaf mai cwestiwn i mi yw hwn. Mae cydbwysedd yn y fan hon. Buom yn sôn yn gynharach am eisiau data gofodol. Er enghraifft, mae partneriaethau lleol am wybod beth sy'n digwydd yn eu hardal. Yr unig ffordd i wybod hynny yw gofyn i ymgeiswyr prosiectau beth y maent yn ei wneud mewn ardal benodol. Mae ceisio sicrhau'r cydbwysedd cywir rhwng atebolrwydd a bod yn agored, a'r baich ar noddwyr prosiectau yn fater anodd. Ar hyn o bryd, mae'r cwynion yn ymwneud mwy ag allbynnau nag am gostiadau yn ôl pob tebyg, yn enwedig ar gyfer y gronfa gymdeithasol Ewrop. Yr ydym wedi cael mwy o fanylion ar allbynnau, a ble y cânt eu cyflawni. Mae'r wybodaeth gostio yn gymharol hawdd i'w chynhyrchu, ond mae'r wybodaeth arall ychydig yn anoddach.

[123] **Alun Cairns:** Pa newidiadau yr ydych yn eu gwneud, felly, i symleiddio'r ffurflen a hepgor y cwestiynau astrus hynny?

**Mrs Usher:** Ni chredaf y gallwn hepgor y gofynion data. Yr ydym yn ceisio gwella'r ffurflen lle y gallwn a gwella'r canllawiau a ddaw gyda'r ffurflen. Mae'n bosibl y bydd yn cynnwys y cwestiynau anodd o hyd, ond efallai y byddwn yn dweud wrthyich sut mae eu hateb ychydig yn well.

[124] **Janet Davies:** Cyn i ni fynd dim pellach, gofynnaf i'r tystion a allech aros tan 12.15 p.m.. Gwn eich bod yn disgwyl gadael am 12 p.m.. Ceisiwn ei wneud yn gynharach na hynny. Mick, credaf fod gennych ddatganiad o fuddiant i'w wneud?



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[125] **Mick Bates:** I overlooked to declare an interest that I was previously a director of a company that made an application for European structural funding. It is called Primestock Producers.

[125] **Mick Bates:** Anghofiais ddatgan buddiant i mi arfer bod yn gyfarwyddwr ar gwmni a wnaeth gais am gyllid strwythurol Ewropeaidd. Ei enw yw Primestock Producers.

Paragraph 5.26, and figure 15 in particular, shows that, overall, there has been a respectable level of grant approval, but there are shortfalls in particular areas of the programme, as highlighted in box F. Why was progress slow, on infrastructure measures in particular?

Dengys paragraff 5.26, a ffigur 15 yn arbennig, y bu lefel sylweddol o gymeradwyo grantiau, ar y cyfan, ond bod diffygion mewn meysydd arbennig o'r rhaglen, fel y nodir ym mocs F. Pam y bu cynnydd yn araf, yn enwedig yn achos mesurau seilwaith?

**Dr Roberts:** The infrastructure priority has a number of strands to it. I will try to go through them quickly. One of the strands is on strategic sites, designed to be major investments in strategic sites throughout Wales. There was a process of consultation on what those strategic sites might be; that took time to take place. Also, with large infrastructure investments, it sometimes takes time to get them up and running. Another strand is energy. Energy projects have been very difficult to bring forward, because of the complexity, the newness of the technology and the planning issues around that. That strand is underspending at the moment, just because of the difficulty, I think, of getting energy projects off the ground. We have measures in place, and discussions are happening with the WDA on how to bring those forward.

**Dr Roberts:** Mae nifer o elfennau i'r flaenoriaeth seilwaith. Ceisiaf fynd drwyddynt yn gyflym. Un o'r elfennau yw ar safleoedd strategol, sydd wedi eu cynllunio i fod yn fuddsoddiadau mawr mewn safleoedd strategol ledled Cymru. Cafwyd proses ymgynghori ar yr hyn y gallai'r safleoedd hynny fod; cymerodd honno amser i ddigwydd. Hefyd, gyda buddsoddiadau seilwaith mawr, weithiau mae'n cymryd mwy o amser i'w sefydlu a'u gweithredu. Mae ynni'n elfen arall. Mae prosiectau ynni wedi bod yn anodd iawn i'w cyflwyno, oherwydd cymhlethdod, a newydd-deb y dechnoleg a'r materion cynllunio sy'n gysylltiedig â hynny. Mae'r elfen honno'n tanwario ar hyn o bryd, ddim ond oherwydd yr anhawster, yn fy marn i, o gael gwynt dan adain prosiectau ynni. Mae gennym fesurau ar waith, ac mae trafodaethau ar y gweill gyda'r WDA ar sut i gyflwyno'r rheini.

Likewise on environment programmes, which tend to be quite large, there are some significant issues to be worked through before they can come forward as a project for approval. On the other side, the fourth measure is transport and accessibility, which is doing well. So there is a combination of issues in here, but I think that one of the problems is that infrastructure, in general, which is what priority 6 is, is quite difficult to handle

Yn yr un modd ar raglenni amgylcheddol, sy'n tueddu i fod yn eithaf mawr, mae rhai problemau sylweddol i'w datrys cyn y gallant gael eu cyflwyno fel prosiect i gael ei gymeradwyo. Ar yr ochr arall, y pedwerydd mesur yw trafnidiaeth a hygyrchedd, sy'n gwneud yma. Felly mae cyfuniad o faterion yn y fan hon, ond credaf mai un o'r problemau yw bod seilwaith, yn gyffredinol, sef yr hyn yw blaenoriaeth 6, yn eithaf anodd i'w drin o

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from a project point of view.

safbwynt prosiect.

[126] **Mick Bates:** Thank you for outlining the issues there, but have those blockages now been removed? You mentioned energy in particular.

[126] **Mick Bates:** Diolch am amlinellu'r materion hynny, ond a yw'r rhwystrau hynny bellach wedi eu dileu? Bu i chi sôn am ynni yn arbennig.

**Dr Roberts:** We meet the WDA, in particular, which is the lead organisation, along with the Carbon Trust, on this to try to unblock some of those issues. We are finding that the technology is moving ahead so quickly in this area that it is difficult to predict what is going to happen. We have a slate of projects now that the WDA, in particular, is working on and is proposing to bring forward. So I think that we have unblocked a lot of those, although there are still issues, particularly planning issues, which some of those projects would have to overcome.

**Dr Roberts:** Yr ydym yn cyfarfod â'r WDA, yn arbennig, sef y sefydliad arwain, ynghyd â'r Ymddiriedolaeth Carbon, ar hyn i geisio dileu rhai o'r problemau hynny. Yr ydym yn canfod bod technoleg yn datblygu mor gyflym yn y maes hwn fel ei bod yn anodd rhagweld beth sy'n mynd i ddigwydd. Mae gennym gyfres o brosiectau bellach y mae'r WDA, yn arbennig, yn gweithio arnynt ac yn cynnig eu cyflwyno. Felly credaf ein bod wedi dileu llawer o'r rheini, er bod problemau o hyd, yn enwedig problemau cynllunio, y byddai'n rhaid i rai o'r prosiectau hynny eu goresgyn.

[127] **Mick Bates:** I was just about to ask you, Dr Roberts, for your opinion on planning issues, in particular the delay, let us say, on providing technical advice notes, number 8 in particular. Has that been a particular blockage to progress?

[127] **Mick Bates:** Yr oeddwn ar fin gofyn i chi, Dr Roberts, am eich barn ar broblemau cynllunio, yn enwedig yr oedi, dyweder, wrth ddarparu nodiadau cyngor technegol, yn enwedig rhif 8. A yw hynny wedi rhwystro cynnydd yn arbennig?

**Dr Roberts:** I am not sure that that is an issue for me.

**Dr Roberts:** Nid wyf yn siŵr a yw hynny'n fater i mi.

[128] **Mick Bates:** Oh well, we will skip over that one then. How quickly, having identified the blockages and removed them, do you now think you will be able to meet targets in that area?

[128] **Mick Bates:** O wel, anghofiwn y cwestiwn hwnnw felly. Pa mor gyflym yn eich barn chi bellach, o nodi'r rhwystrau a'u dileu, y byddwch yn gallu cyrraedd y targedau yn y maes hwnnw?

**Dr Roberts:** As I said, we have a slate of projects that we are bringing forward, and there are risks to each of those projects. We have reviewed those fairly recently on the energy side, and we are confident that those projects will come forward, so we are making allowance for that in the programme.

**Dr Roberts:** Fel y dywedais, mae gennym gyfres o brosiectau yr ydym yn eu cyflwyno, ac mae risgiau'n gysylltiedig â phob un o'r prosiectau hynny. Yr ydym wedi adolygu'r rhain yn gymharol ddiweddar ar yr agwedd ynni, ac yr ydym yn hyderus y bydd y prosiectau hynny'n cael eu cyflwyno, felly yr ydym yn ystyried hynny yn y rhaglen.

[129] **Mick Bates:** Thank you for that. I look forward to seeing it completed.

[129] **Mick Bates:** Diolch am hynny. Edrychaf ymlaen at ei gweld wedi ei

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Finally, I just have a question about extra groups in the labour force. In box F, there is a comment that childcare facilities have not really helped female participation in the workforce, particularly in ESF projects. Are you taking particular measures to correct that?

chwblhau. Yn olaf, mae gennyf gwestiwn am grwpiau ychwanegol yn y llafurlu. Ym mocs F, mae sylw nad yw cyfleusterau gofal plant wedi helpu cyfranogiad menywod yn y gweithlu mewn gwirionedd, yn enwedig ym mhrosiectau cronfa gymdeithasol Ewrop. A ydych yn cymryd mesurau penodol i unioni hynny?

**Dr Roberts:** Yes. That is a good example of a strategic approach, whereby we are developing a large childcare project using Cymorth moneys from the Assembly Government as the match for it. That will help to lever out more resources and more outputs for that programme. We identified that as being a particular gap in the programme, which the report highlights, and we are addressing that. I am hopeful that that project will be approved late summer.

**Dr Roberts:** Ydym. Mae hynny'n enghraifft dda o ddull strategol, lle yr ydym yn datblygu prosiect gofal plant mawr gan ddefnyddio arian Cymorth gan Lywodraeth y Cynulliad fel cyllid cyfatebol. Bydd hynny o gymorth i gael gafael ar fwy o adnoddau a mwy o allbynnau ar gyfer y rhaglen honno. Bu i ni nodi hynny fel bwch arbennig yn y rhaglen, a nodir yn yr adroddiad, ac yr ydym yn mynd i'r afael â hwnnw. Yr wyf yn obeithiol y caiff y prosiect hwnnw ei gymeradwyo ddiwedd yr haf.

[130] **Mick Bates:** This year?

[130] **Mick Bates:** Eleni?

**Dr Roberts:** Yes.

**Dr Roberts:** Ie.

[131] **Mick Bates:** Very good. Thank you very much.

[131] **Mick Bates:** Da iawn. Diolch yn fawr iawn.

[132] **Val Lloyd:** Page 40, paragraph 5.28 outlines the strategy for programme closure and the full spend of funds. Your plan is to commit all of this year's allocation and a quarter of next year's allocation this year. I believe that I brought that up earlier on. It is quite ambitious. What constraints are there on meeting this target, and how are you managing it?

[132] **Val Lloyd:** Mae tudalen 40, paragraff 5.28 yn amlinellu'r strategaeth ar gyfer cau rhaglenni a gwario cronfeydd yn llawn. Eich bwriad yw ymrwymo dyraniad eleni i gyd a chwarter o ddyraniad y flwyddyn nesaf eleni. Credaf i mi sôn am hynny yn gynharach. Mae'n eithaf uchelgeisiol. Pa gyfyngiadau sydd ar gyrraedd y targed hwn, a sut yr ydych yn ei reoli?

**Dr Roberts:** It is fairly ambitious, and it is something that we have not done before, but we have clear targets to meet on that, and, again, we are monitoring those very carefully. In fact, I can give you some figures. At the moment, we are, overall, 28 per cent committed on those ambitious targets, but in terms of Objective 1, and the European regional development fund, we are 34 per cent

**Dr Roberts:** Mae'n eithaf uchelgeisiol, ac mae'n rhywbeth nad ydym wedi ei wneud o'r blaen, ond mae gennym dargedau clir i'w cyrraedd ar gyfer hynny, ac, eto, yr ydym yn monitro'r rheini'n ofalus iawn. A dweud y gwir, gallaf roi rhai ffigurau i chi. Ar hyn o bryd, yr ydym, ar y cyfan, wedi ymrwymo 28 y cant i'r targedau uchelgeisiol hynny, ond o ran Amcan 1, a

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committed already. It is a matter of hard work by the programme teams in working with project sponsors and bringing forward those projects as quickly as we can. We have also accelerated the process by instigating bidding rounds so that we consider a batch of projects together and can compare and bring out the best quality projects. I am reasonably confident that we will meet those targets because, as you rightly say, it will catch up in spend towards the end of the programme.

chronfa datblygu rhanbarthol Ewrop, yr ydym eisoes wedi ymrwymo 34 y cant. Gwaith caled timau'r rhaglen wrth weithio gyda noddwyr prosiectau a chyflwyno'r prosiectau hynny cyn gynted ag y gallwn sy'n gyfrifol am hyn. Yr ydym hefyd wedi cyflymu'r broses drwy sefydlu cylchoedd cynnig fel ein bod yn ystyried grŵp o brosiectau gyda'i gilydd ac yn gallu cymharu a dewis y prosiectau o'r ansawdd gorau. Yr wyf yn rhesymol hyderus y byddwn yn cyrraedd y targedau hynny oherwydd, fel y dywedwch yn gywir, bydd yn dal i fyny o ran gwariant tuag at ddiwedd y rhaglen.

[133] **Val Lloyd:** I think that the other question that I had, about confidence, has been answered.

[133] **Val Lloyd:** Credaf fod y cwestiwn arall a oedd gennyf, ynglŷn â hyder, wedi ei ateb.

[134] **Janet Davies:** Before I ask the final questions, in the general report that we considered in the last evidence session, there was a reference to the loss of some documentation for the 1994 to 1999 round. Has that been addressed, and are you confident that that will not happen in this round?

[134] **Janet Davies:** Cyn i mi ofyn y cwestiynau olaf, yn yr adroddiad cyffredinol y buom yn ei drafod yn y sesiwn tystiolaeth diwethaf, nodwyd i rai o'r dogfennau ar gyfer cylch 1994 i 1999 gael eu colli. A aethpwyd i'r afael â hynny, ac a ydych yn hyderus na fydd hynny'n digwydd yn y cylch hwn?

**Sir Jon Shortridge:** It has been addressed in the sense that all the project sponsors are told that they have to retain all their documentation, but that is not quite the same thing as saying necessarily that no documentation will go missing. I think that we have done all that we reasonably can in the circumstances.

**Syr Jon Shortridge:** Aethpwyd i'r afael ag ef o ran y dywedir wrth bob noddwr prosiect bod yn rhaid iddynt gadw eu dogfennau i gyd, ond nid yw hynny'n union yr un fath â dweud o reidrwydd na fydd unrhyw ddogfennau'n cael eu colli. Credaf ein bod ni i gyd wedi gwneud popeth y gallwn o fewn rheswm dan yr amgylchiadau.

[135] **Janet Davies:** But within the Assembly, you can be more confident?

[135] **Janet Davies:** Ond o fewn y Cynulliad, gallwch fod yn fwy hyderus?

**Sir Jon Shortridge:** Within the Assembly, there is no question that we know what our procedures are now, and we will make sure of that.

**Syr Jon Shortridge:** O fewn y Cynulliad, nid oes amheuaeth ein bod yn gwybod beth yw ein gweithdrefnau bellach, a byddwn yn sicrhau hynny.

[136] **Janet Davies:** Okay. Thank you. If we could just take a quick look at the next round, clearly, it is quite tentative at the moment because we do not even know what level of contributions will be

[136] **Janet Davies:** O'r gorau. Diolch. Pe gallem gael cipolwg ar y cylch nesaf, yn amlwg, mae'n eithaf ansicr ar hyn o bryd oherwydd ni wyddom hyd yn oed pa lefel o gyfraniadau a fydd yn cael ei rhoi

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going in from member states to the European Commission, but could you update us on where we are with the next round of programming? Will we be set to respond as soon as the European Commission issues guidance?

**Sir Jon Shortridge:** I think that I will have to refer that to Emyr. I am not aware of any problems that we are currently facing in terms of preparing for the next round of programmes.

**Dr Roberts:** Yes, I can update you on that. In fact, we expect the European Commission to issue its draft regulations for the next round of programmes later today, and we have been involved in those regulations to try to influence them. We have early sight, therefore, of what is likely to be proposed. Specifically, we will be setting up project groups to look at the next round of programmes later this summer. They will look at all aspects of the programmes to ensure that, when they are finalised, we will have a programme that is ready to go and that we also have projects that are ready to go. So, we are already project managing the next set of programmes and drawing on the expertise that we have already gained from this round of programmes and feeding that in.

[137] **Janet Davies:** So will you be able to approve projects soon after the launch in 2007?

**Dr Roberts:** It is very much my hope that, during 2005 and 2006, as well as finalising the programme documents, we will actively work with programme sponsors on individual projects. So, as you say, from very early in 2007, we will be approving projects, getting them under way, and getting the commitment levels and spend levels to where they should be.

gan aelod-wladwriaethau i'r Comisiwn Ewropeaidd, ond a allech roi'r diweddaraf i ni ar y sefyllfa gyda'r cylch nesaf o raglenni? A fyddwn yn barod i ymateb cyn gynted ag y bydd y Comisiwn Ewropeaidd yn cyhoeddi canllawiau?

**Syr Jon Shortridge:** Credaf y bydd yn rhaid i mi gyfeirio hwnnw at Emyr. Nid wyf yn ymwybodol o unrhyw broblemau yr ydym yn eu hwynebu ar hyn o bryd o ran paratoi ar gyfer y cylch nesaf o raglenni.

**Dr Roberts:** Gallaf roi'r diweddaraf i chi ar hynny. Mewn gwirionedd, disgwyliwn i'r Comisiwn Ewropeaidd gyhoeddi ei reoliadau drafft ar gyfer y cylch nesaf o raglenni yn ddiweddarach heddiw, ac yr ydym wedi bod yn gysylltiedig â'r rheoliadau hynny i geisio dylanwadu arnynt. Mae gennym amcan bras, felly, o'r hyn sy'n debygol o gael ei gynnig. Yn benodol, byddwn yn sefydlu grwpiau prosiect i edrych ar y cylch nesaf o raglenni yn ddiweddarach yn yr haf. Byddant yn edrych ar bob agwedd ar y rhaglenni i sicrhau, pan fyddant wedi eu cwblhau, y bydd gennym raglen sy'n barod i'w gweithredu ac y bydd gennym hefyd brosiectau sy'n barod i'w gweithredu. Felly, yr ydym eisoes yn gwneud gwaith rheoli prosiect ar y gyfres nesaf o raglenni ac yn defnyddio'r arbenigedd yr ydym eisoes wedi ei ennill yn y cylch hwn o raglenni ac yn ei fwydo i mewn.

[137] **Janet Davies:** Felly a fyddwch yn gallu cymeradwyo prosiectau yn fuan wedi'r lansiad yn 2007?

**Dr Roberts:** Fy ngobaith mawr yw, yn ystod 2005 a 2006, yn ogystal â chwblhau dogfennau'r rhaglenni, y byddwn yn gweithio'n ddiwyd gyda noddwyr rhaglenni ar brosiectau unigol. Felly, fel y dywedwch, o gychwyn cyntaf 2007, byddwn yn cymeradwyo prosiectau, gan eu rhoi ar ben ffordd, ac yn sicrhau bod y lefelau ymrwymo a lefelau gwario lle y dylent fod.

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[138] **Janet Davies:** Thank you very much for your assistance. Sorry, Sir Jon, you have a comment to make?

[138] **Janet Davies:** Diolch yn fawr iawn am eich cymorth. Mae'n ddrwg gennyf, Syr Jon, mae gennych rywbeth i'w ddweud?

**Sir Jon Shortridge:** I just wondered, Chair, if you would allow me to make a couple of very short closing remarks. It is now almost exactly a year since I became accounting officer of WEFO, and I would just really like to say that I think that the report that we considered this morning confirms that, from an understandably slow start, WEFO has now picked up the pace and is delivering the structural fund programmes, not perfectly—and we have identified some of the things that we are not doing perfectly—but very effectively. The task that WEFO staff have to perform is a very difficult and complex one, and I would just like to say that the fact that WEFO has come so far so fast, from my judgment, having been the accounting officer for the last year, is a credit to everyone involved. I am pleased to have this opportunity to express publicly my appreciation to all the staff concerned.

**Syr Jon Shortridge:** Tybed, Gadeirydd, a fydddech yn fodlon i mi ddweud ambell beth byr i gloi? Mae bron yn flwyddyn union bellach ers i mi ddod yn swyddog cyfrifo WEFO, a hoffwn ddweud bod yr adroddiad y bu i ni ei ystyried y bore yma yn cadarnhau, ar ôl dechrau dealladwy o araf, bod WEFO yn gweithio'n well a'i bod yn darparu'r rhaglenni cronfeydd strwythurol, nid yn berffaith—ac yr ydym wedi nodi rhai pethau nad ydym yn eu gwneud yn berffaith—ond yn effeithiol iawn. Mae'r dasg y mae'n rhaid i staff WEFO ei chyflawni yn un anodd a chymhleth iawn, a hoffwn ddweud bod y ffaith bod WEFO wedi gwneud cymaint o gynnydd mewn cyn lleied o amser, yn fy marn i, fel swyddog cyfrifo yn ystod y flwyddyn ddiwethaf, yn glod i bawb dan sylw. Yr wyf yn falch o gael y cyfle hwn i fynegi'n gyhoeddus fy ngwerthfawrogiad i'r holl staff dan sylw.

[139] **Janet Davies:** Thank you, Sir Jon, and thank you for the assistance that you given to the committee during this term. As you know, you will receive a draft transcript, because there will be a verbatim report included as an appendix to the committee's report. Thank you.

[139] **Janet Davies:** Diolch, Syr Jon, a diolch am y cymorth yr ydych wedi ei roi i'r pwyllgor yn ystod y tymor hwn. Fel y gwyddoch, byddwch yn derbyn trawsgrifiad drafft, oherwydd bydd adroddiad gair am air wedi ei gynnwys fel atodiad i adroddiad y pwyllgor. Diolch.

*Daeth y sesiwn cymryd tystiolaeth i ben am 12.06 p.m.  
The evidence-taking session ended at 12.06 p.m.*

## Supplementary note on key funds for community regeneration and the relaxation of the ten per cent public match–funding requirement

### EUROPEAN UNION STRUCTURAL FUNDING: PROGRESS ON SECURING THE BENEFITS FOR WALES

#### Purpose

This note provides the Committee with further information on:

- Key funds for community regeneration
- The relaxation of the 10% public match-funding requirement.

#### Key Funds

#### Background

Key funds are small grant schemes which provide the voluntary and community sectors with a quicker, simpler, method of accessing Structural Funds. They are operated by a range of intermediary bodies, including Local Authorities, the Welsh Development Agency and Associations of Voluntary Organisations. Key funds include a mix of local and regional projects; in some cases, they provide 100% grants, thereby simplifying the procedure for applicants and removing the need for organisations to identify and provide match funding.

#### Objective 2

Within the East Wales Objective 2 and Transitional Programme area, there are currently 13 approved delegated grant schemes, with an ERDF grant of nearly £1.7 million. A list of the schemes is attached in the following table, together with two key fund projects which are currently undergoing appraisal by WEFO.

WEFO continues to encourage partnerships to give further consideration to bringing forward further key fund projects as a means of providing community and voluntary groups with easier and more timely access to European monies. WEFO has recently proposed a number of changes to the Objective 2 programme to further improve the uptake of funds by the voluntary and community sectors for economic regeneration; these proposals are awaiting approval by the European Commission.

#### Objective 3

There is one grant scheme in the East Wales Objective 3 Programme - the Social Risk Capital Fund, administered by the Wales Council for Voluntary Action (WCVA). The scheme is set up specifically for the voluntary sector and community groups to have simple and rapid access to ESF

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support; up to a value of £10,000 per project. Two phases of the scheme have been approved, totalling £802,344 in ESF funding; the total project cost of the two phases is some £1.8 million.

## **Conclusion**

Having reviewed the position regarding access to Structural Funds in East Wales, WEFO believes that there are sufficient schemes available to the community and voluntary sectors for economic regeneration. However, WEFO is not complacent and we would encourage further projects to come forward in this area.

## **10% Public Match Funding Requirement**

The original WEFO ESF guidance requested that match funding should be provided from the public sector, private sector or a combination of both. The guidance said that at least 10% of the costs had to come from public sources as match funding; this is not an EC requirement.

In 2003 WEFO relaxed the guidance so that the 10% match funding requirement would not be applied as an absolute rule. The requirement would be waived exceptionally when it has not been possible or practicable to obtain suitable public match funding; the relaxation would be applied on a case by case basis. To date no ESF project has required the relaxation of the 10% rule.

**Welsh European Funding Office**

**September 2004**



**Annex B Appendix**

**Key Fund projects currently operating in the Objective 2/Transitional Area as at August 2004**

<b>Sponsor</b>	<b>Project Name</b>	<b>Total Project Cost (£)</b>	<b>ERDF Value (£)</b>
Newport City Council	Community Grant Scheme (Core)	242,500	121,250
Newport City Council	Community Grant Scheme (Trans)	242,500	121,250
Welsh Development Agency	Community Regeneration Toolkit 2 (Core)	717,500	322,875
Powys Association of Voluntary Organisations	Spirit 2 (Core)	558,575	277,835
Powys Association of Voluntary Organisations	REACH (Core)	400,465	183,809
Powys Association of Voluntary Organisations	REACH (Trans)	106,461	47,907
Mid Wales Energy Agency	Community Renewable Energy Developments (Core)	548,000	219,200
Mid Wales Energy Agency	Powys SECRET (Trans)	81,534	32,588
Mid Wales Energy Agency	Energy for Sustainable Communities (Core)	323,882	129,552
Powys County Council	Community Tourism Capital Grant Scheme (Core)	202,525	70,555
Powys County Council	Community Tourism Capital Grant Scheme (Trans)	22,500	7,870
Wales Co-Op	Creating Wealth Through Credit Unions (Core)	320,416	106,793
Wales Co-Op	Creating Wealth Through Credit Unions (Trans)	101,598	33,414
<b>Total</b>		<b>3,868,456</b>	<b>1,674,898</b>

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**Key Fund projects in the Objective 2/Transitional Area currently under appraisal as at August 2004.**

<b>Sponsor</b>	<b>Project Name</b>	<b>Total Project Cost £</b>	<b>ERDF Value £</b>
Cardiff City Council	Better Buildings for Communities (Core)	580,426	290,213
Powys Association of Voluntary Organisations	Spirit 2 (Trans)	125,419	60,991
<b>Total</b>		<b>705,845</b>	<b>351,204</b>

## Supplementary note on WEFO appraisal times

### EUROPEAN UNION STRUCTURAL FUNDING: PROGRESS ON SECURING THE BENEFITS FOR WALES

#### Purpose

This note provides the Committee with further details on WEFO's appraisal times.

#### Background

The 90-day target for processing Objective 1 applications was introduced on the recommendation of the Objective 1 Task and Finish Group in 2001.

The statistics included in the Auditor General's report (page 20) were drawn from WEFO's EFMS database. WEFO have no statistics on the relative level of how fully prepared a project is before it is submitted for appraisal.

#### Factors which can affect appraisal times

There are many factors that affect appraisal times. They include:

The quality of the application:

- how well thought out the project is
- how clearly it is explained
- how complete the information is
- whether the financial information is robust and whether all match funding is in place
- whether the project has been developed with assistance from development teams in WEFO

The complexity of the project:

- the level of innovation
- technical issues which may require external advice
- whether all statutory and regulatory processes have been completed.

The project sponsor:

- whether it is a new sponsor (extra checks on first time applicants)
- its experience of applying for and running Structural Funds projects
- the robustness of its systems
- the experience of staff and the availability and ability of staff to answer queries in a timely manner.

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State Aids:

- the EC has been tightening up on its enforcement of compliance with state aids regulations, which means each project needs to be considered carefully. Sponsors rarely fully address state aids issues in their application.

Speed of compliance with requests from WEFO:

- how quickly the organisation provides further information
- how quickly the approval letter is signed and returned (deadline is 20 working days, 28 calendar days, but this is not always adhered to).

WEFO's preferred approach is to work with a project applicant throughout the application process. This does not always happen and it is common to have an extensive period when additional or supplementary information is required. As indicated in the report (para 3.30) and during the evidence (para 63), delays in requests for additional information have a significant impact on appraisal times. WEFO's aim is to process applications as quickly as possible, subject to the necessary quality and value for money checks.

## The Audit Committee

The National Assembly's Audit Committee ensures that proper and thorough scrutiny is given to the Assembly's expenditure. In broad terms, its role is to examine the reports on the accounts of the Assembly and other public bodies prepared by the Auditor General for Wales; and to consider reports by the Auditor General for Wales on examinations into the economy, efficiency and effectiveness with which the Assembly has used its resources in discharging its functions. The responsibilities of the Audit Committee are set out in detail in Standing Order 12.

The membership of the Committee as appointed on 3 June 2003:

Janet Davies (Plaid Cymru) - Chair  
Leighton Andrews (Labour)  
Mick Bates (Liberal Democrat)  
Alan Cairns (Conservative)  
Jocelyn Davies (Plaid Cymru)  
Christine Gwyther (Labour)  
Denise Idris-Jones (Labour)  
Mark Isherwood (Conservative)  
Val Lloyd (Labour)  
Carl Sargeant (Labour)

Further information about the Committee can be obtained from:

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