

## **THE NATIONAL ASSEMBLY FOR WALES:AUDIT COMMITTEE**

**Report 08-02 – Presented to the National Assembly for Wales on Thursday 5<sup>th</sup> December in accordance with section 102 (1) of the Government of Wales Act 1998**

### **European Union Structural Funds: Maximising the Benefits for Wales**

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## Introduction

1. In this report we examine the arrangements for managing the European Union Structural Funds that have been allocated to Wales for the seven-year period from 1 January 2000 to 31 December 2006. The Funds exist to address structural, economic and social problems in order to reduce inequalities between different regions and social groups. A total of 2.2 billion euros (£1.4 billion) will be available to Wales during this period, representing about £200 million a year and a major increase from the £66 million a year during the previous programming period of 1994-99. It is vital that Wales makes the most of this opportunity to regenerate its economy, especially as similar amounts are unlikely to be available in the following period when much poorer countries in Eastern Europe are expected to have joined the European Union.
2. The European Union administers four Structural Funds, all of which are available to Wales:
  - the European Regional Development Fund (ERDF), which aims to reduce regional economic inequalities;
  - the European Social Fund (ESF), which aims to improve employment prospects across the European Union;
  - the European Agricultural Guidance and Guarantee Fund (EAGGF), which assists the development and diversification of communities in rural areas; and
  - the Financial Instrument for Fisheries Guidance (FIFG), which assists the restructuring of the fishing industry.
3. These funds are delivered through three *Objectives* and four *Community Initiatives*, each of which is known as a *programme*. In Wales, most of the money has been allocated to the Objective 1 programme for West Wales and the Valleys, accounting for £1.14 billion or 84 per cent of the total grant available in the period to 31 December 2006. Objective 1 funds are directed at the poorest regions of the European Union, whose per capita income is less than three-quarters of the European Union average.
4. Within Wales, the Structural Funds are managed by an executive agency of the National Assembly for Wales, the Welsh European Funding Office (WEFO), which was established in April 2000. WEFO consults widely with a network of partnerships comprising individuals and organisations with a clear interest in the programmes. The partnerships have a key role in developing strategies and projects. The programme is ultimately delivered on a project basis;

each project is led by a sponsor which has a contract with WEFO to undertake its project and provide the agreed outputs in exchange for the agreed level of grant.

5. On the basis of a report prepared by the Auditor General for Wales,<sup>1</sup> we took evidence from four officials in the Welsh European Funding Office (WEFO): Mr John Clarke, the Chief Executive and Accounting Officer; Dr Caroline Turner, Director of Policy and Strategy; Mr Phil Gray, Director of Finance and Support Services; and Mrs Sheila Maxwell, Director of the European Regional Development Fund Division.
6. This report considers the development of strategy and the management of the Funds in three broad areas: the development of strategy and basic management structures, the development and selection of projects, and the monitoring, control and evaluation of the programmes once grants have been approved. We have focused on WEFO's activities, but have also considered the role of the partnerships and the Assembly Government, as these are fundamental to the successful operation of the programmes.

## **Management arrangements and development of strategy**

### *Partnership and the management structure*

7. Partnership is a key concept in the management of the Structural Funds, and is incorporated into the administrative arrangements. However, as the Auditor General's report makes clear, there was a good deal of uncertainty in the early stages of the Objective 1 programme as to how it would be implemented. For example, there was doubt until the end of 2000 about the creation and status of accountable bodies and the nature and coverage of local and regional action plans.<sup>2</sup>
8. The arrangements now in place appear to be well established, but we are concerned that the uncertainty and delay in implementing them had a detrimental impact on the Objective 1 programme. For example, the strategy partnerships, whose role is to co-ordinate strategic frameworks, were not established until early 2001, so that projects approved in 2000 were not assessed by an independent working group as is now the case and was the case under the old

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<sup>1</sup> Report by the Auditor General for Wales, *European Union Structural Funds: Maximising the Benefits for Wales*, presented to the National Assembly for Wales on 13 June 2002

<sup>2</sup> AGW Report, paragraphs 3.7, 3.12 and 3.19 to 3.23

programmes.<sup>3</sup> Applicants and partnerships initially operated in a climate of uncertainty and guidance often emerged at a late stage in the process.<sup>4</sup>

9. We appreciate that programme managers were working to a very tight timetable, and that it necessarily took time for partners to reach consensus on key issues. However, it is not acceptable that this vital programme was launched without the basic elements of the management structure having been settled, and without clear guidance being issued in good time. The Chief Executive said that he felt that in the future the delivery processes needed to be considered more in parallel with the creation of the strategies, and that a lot of lessons had been learned.<sup>5</sup> We strongly endorse that sentiment, and **recommend that for future programmes the 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.**

#### Development of strategy

10. Within the context of the overall programme strategy, each of the partnerships produces a strategy for its locality or sector, and for Objective 1 there are also four strategic frameworks to guide the development of the regional and local strategies (there are thus 29 strategies for this programme).<sup>6</sup> The development of these strategies is a key task for the partnerships, and draws heavily upon their expertise and knowledge. Indeed, the Chief Executive told us that this was one of the principal advantages of the partnership approach, and that a degree of team-working and capacity building was developing that may not have been seen in the past.<sup>7</sup>
11. If partnership working is to add maximum value, it is important that the plethora of strategies is properly co-ordinated. Each programme is overseen by a monitoring committee which is responsible for implementing the programme strategy. This involves reviewing and approving the various strategies produced by the partnerships. For Objective 1, the strategy partnerships have a further role in providing frameworks within which the local and regional partnerships prepare their strategies. At the time that the Auditor General's report was being finalised, further work was being undertaken aimed at ensuring that the local and regional strategies were consistent with each other and with the strategic frameworks, and that there

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<sup>3</sup> Qs 24 - 25

<sup>4</sup> AGW Report, paragraph 3.28

<sup>5</sup> Qs 2 - 3

<sup>6</sup> AGW report, paragraphs 3.11 - 3.12

<sup>7</sup> Q5

was effective sub-regional working.<sup>8</sup> The witnesses told us that much work had taken place over the last year, and that the necessary consistency between the local and regional strategies had largely been achieved, although this is an ongoing process as all the strategies are under continuous review. On sub-regional co-operation, the witnesses told us that north Wales had made excellent progress, and that other parts of Wales were now following suit, the Five Counties Regeneration Strategy in south-east Wales being a notable example.<sup>9</sup> We agree that there are obvious benefits to partnership working, and welcome these developments towards closer, more strategic working. We look to WEFO to monitor and encourage these developments.

12. Nevertheless, we remain concerned about the distribution of the programme's benefits in the Objective 1 area. There is serious concern that certain areas are benefiting more than others, and that resources are not being directed towards the areas in greatest need. The Chief Executive assured us that WEFO understood this concern, and would be monitoring the geographical distribution of programme benefits and outcomes once the new information technology system was in place. He explained that funds were not "carved up" between different parts of the region, although each local authority had an indicative financial allocations for Priority 3 (community economic regeneration) and that some other measures were also spatially targeted.<sup>10</sup>

13. The Committee welcomes WEFO's intention to monitor the geographical distribution of programme expenditure and benefits, but is concerned that it has taken so long to implement a system to provide this information in an objective way. Of course, having the raw data at one's disposal is just the start: it will be necessary to analyse it carefully to identify inequalities and areas of unmet need, and to develop targeted solutions to address them. The Chief Executive emphasised that WEFO was a facilitator, and that it was mainly up to others to develop and implement solutions, although WEFO would disseminate information on areas of concern to those who need to know it.<sup>11</sup> **We recommend that WEFO monitors rigorously the distribution of programme expenditure and benefits, to identify areas of concern, and to take a proactive role in assisting partnerships to develop solutions.**

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<sup>8</sup> AGW report, paragraphs 3.7, 3.12 and 3.24

<sup>9</sup> Qs 11 - 12, Q14

<sup>10</sup> Q15

<sup>11</sup> Qs 21 - 22

Staff resources at WEFO

14. WEFO has had difficulty since it was established in April 2000 in recruiting the numbers of staff with the skills it has needed. WEFO coped with staff shortfalls by focusing on urgent tasks ahead of less urgent, but important work such as the preparation of guidance for applicants and co-ordination of strategy. At the time of our hearing, WEFO had 157 people in post compared with a complement of 180, representing a deficit of 12.5 per cent - an improvement on the position at the end of March 2002, when there were 142 staff in post.<sup>12</sup>
15. WEFO does not consider this current deficit to be a serious problem – the Chief Executive told us that the vacancies were a nuisance, but were not holding up the processing of grant applications and were well spread throughout the organisation. Furthermore, ten of the posts were being held vacant deliberately until the volume of grant claims had built up. WEFO hoped that by that time a new IT system would be in place which should improve the efficiency of payments processing and avoid the need for these posts altogether. If these posts are excluded, the level of unfilled vacancies drops considerably. Although WEFO was not concerned about overall numbers, there were some skill shortages, but these were being covered through secondments and temporary placements.<sup>13</sup>
16. We note the Chief Executive's assurances that staff shortfalls are not severe and are not having an adverse impact on WEFO's work. We acknowledge that WEFO's staff did well during the early, difficult period to get the programme up and running, but we do not wish to see such staffing difficulties recur. But we remain concerned about this issue. Either the complement is needed or it is not. The current Structural Fund programmes represent a one-off opportunity for Wales, and it would be inexcusable if their beneficial impact were reduced simply because of the failure to staff up WEFO adequately. **We recommend that WEFO and the Assembly take all necessary steps to ensure that WEFO is sufficiently resourced to carry out the full range of its work.** This will require careful planning and monitoring of staff resources, and prompt action to fill vacancies as soon as they are identified. We hope that the review of recruitment procedures by the Assembly Government will assist WEFO by providing a swift and flexible process.<sup>14</sup>

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<sup>12</sup> AGW Report, paragraphs 4.2 – 4.3 and Q17

<sup>13</sup> Qs 17 and 41

<sup>14</sup> AGW report, paragraph 4.4

Information technology (IT) system

17. As well as sufficient staff, WEFO needs a robust IT system to control and monitor the complex system of grants for which it is responsible. However, at the time of our hearing WEFO was dependent on a disjointed and inadequate system that it had inherited from its predecessor bodies. This system is not tailored to the needs of the current programmes, and can provide only a limited range of information. Much of this is recorded on spreadsheets that are not subject to the same tight controls as properly developed systems and which make it difficult to collate management information.<sup>15</sup> It was clear from the answers to many of our questions that these system inadequacies are severe constraints: WEFO cannot readily provide reliable information on actual outputs, the location of outputs, grant application processing times or match funding sources. We are most concerned that WEFO should have had to rely for this long on a system that was not capable of generating such basic information which is a prerequisite for effective programme management. We appreciate that events unfolded rapidly and in some respects unpredictably in the early stages of Objective 1, and that this would have hampered planning for a new system. Nevertheless, it is unsatisfactory that a basic system for recording and monitoring key elements was not in place from the start of a programme.
18. The witnesses agreed that a new system was urgently needed, and WEFO has been developing a new system as a top priority. The planned improvements are taking place in three phases, and should greatly enhance WEFO's management information and the speed and efficiency of its procedures.<sup>16</sup> The Director of Finance assured us that the first of these phases - an integrated and comprehensive database of grant applications, approvals and payments for all Funds except ESF - was now close to completion and would be ready by September 2002, provided that system testing went satisfactorily.<sup>17</sup> This is well and good, but we would have much preferred these systems to have been in place two years earlier. **We recommend that WEFO takes all reasonable steps to ensure the timely completion of the remaining phases of the required IT improvements and urge it to do everything possible to keep the costs of achieving this to a minimum, new computer systems being notorious for time delays and cost escalation.**

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<sup>15</sup> AGW report, paragraph 4.7

<sup>16</sup> Q125 and AGW report, paragraph 4.8

<sup>17</sup> Q42

19. We note that the final stage – a web-enabled system that will allow users to make applications and claims over the internet – is currently at the planning stage and is dependent to some extent on progress on e-government in general. It is therefore less certain than the other phases, but the Director of Finance assured us that it was not essential: it would be a useful service for applicants, but all the necessary functionality would be provided by the first two phases of the system.<sup>18</sup> Nevertheless, we are keen to see a fully integrated, web enabled system if achievable. It would show that WEFO is leading by example in a type of business technology that the Structural Funds are keen to encourage. In that context it is disappointing that even if such a system is ready when expected in 2004 it will not be available until half way through the programming round.

## **Development and selection of projects**

### ***Match funding***

20. The Structural Funds do not cover the whole cost of a project. Applicants are responsible for finding a proportion of the total cost of their project from alternative sources. This is known as match funding and on average accounts for just over half of the total cost of the programmes. It is fundamental to the success of the programmes that match funding is readily available so that worthwhile projects are not held up by problems obtaining such finance, and applicants are not deterred by perceived difficulties with the match funding process.

21. Most match funding will come from the public sector – about 37 per cent of the total funding for the programmes, or 70 per cent of total match funding.<sup>19</sup> The Assembly has allocated some £207 million to specific match funding budgets for the period 2001 to 2004, which will cover 29 per cent of the public sector match funding requirement for that period.<sup>20</sup> It is not immediately clear where the remainder will come from. The witnesses informed us that officials review the Assembly's budget each year to identify funds that are available for match funding, and additional funds (the match funding pots) were created specifically to address potential shortfalls for certain types of activity. As it turned out, these budgets have been heavily under-utilised in their first year, and WEFO sees no evidence that match funding is in short supply. The witnesses also assured us that the position is reviewed every year as part of the budget planning round, and that any shortfalls would be a matter for the Assembly

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<sup>18</sup> Q34

<sup>19</sup> AGW Report, Figure 2 (page 10)



government to deal with. The Chief Executive assured us categorically that he was confident that there would be adequate match funding for the delivery of the programmes.<sup>21</sup>

22. We welcome these assurances but wish to emphasise the critical importance of adequate match funding being available. It is not always easy to ascertain where problems with match funding are occurring, as they are likely to manifest themselves in a lack of projects coming forward rather than more easily identifiable problems with project proposals that already exist. Problems may emerge in particular sectors or types of activity while other parts of the programmes are unaffected. Solutions may take several forms – adding to a match funding pot, providing more information and advice, or altering the delivery of the programme so that match funding is channelled into a key fund from which smaller grants are made to cover the whole cost of projects.<sup>22</sup> Although not responsible for obtaining match funding, **we recommend that WEFO seeks to be as proactive as possible in monitoring the availability and take-up of match funding so that problems – and possible solutions – can be identified by those who have the necessary influence to deliver improvements.**

23. WEFO does have a role in providing information on possible sources of match funding for potential applicants. It is therefore disappointing that WEFO has only recently upgraded its website to provide a comprehensive central source of information on match funding, leaving partnerships alone to supply advice and information to applicants. The Chief Executive stated that WEFO was responding to “market sentiment” and would continue to develop the guidance.<sup>23</sup> This is commendable, but it would have been better to have anticipated market sentiment rather than to have responded to it, since such guidance was clearly needed at the outset of the programmes.

#### Private sector involvement

24. The private sector has a critical role in supplementing public sector match funding and in using its expertise to deliver projects that have a wider benefit for the programme. However, the involvement of the private sector has been problematic; dissatisfaction has been expressed about the speed and bureaucracy of the process and, by 31 March 2002, only 22 private sector

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<sup>20</sup> AGW Report, paragraph 4.59

<sup>21</sup> Qs 46 - 48

<sup>22</sup> AGW Report, paragraph 4.61

<sup>23</sup> Qs 49 - 50 and AGW Report, paragraph 4.57

led projects had been approved.<sup>24</sup> There is a widespread perception that WEFO has been slow to engage with the private sector, and that the process overall is slow and cumbersome.<sup>25</sup>

25. The witnesses sought to defend WEFO's record, whilst agreeing that more could always be done and that the nature of the process meant that the perception of bureaucracy was difficult to remove. In their opinion, this perception stemmed from two sources: frustration with the way in which the partnership and monitoring committees work, and the process for accessing the Funds. Concerns over access to the Funds arose partly from a misconception that they were available for private businesses to pursue their own projects – in fact, only projects which provide a wider benefit in line with the programme strategy may be funded.<sup>26</sup>
26. WEFO has sought to address both of these problems by creating the Social Partners' Unit to assist partnership committee members from the private sector, and the Private Sector Unit to guide applicants through the project development and appraisal process.<sup>27</sup> The Head of the ERDF Division told us that the Unit was developing its services, so that as well as the usual promotional activity it was now working to develop "blueprint projects". WEFO would identify the potential for private sector involvement, develop a project outline and identify any technicalities that might cause a problem. The resulting blueprint would enable private sector applicants to respond to specific proposals, and should ease their access to the Funds.<sup>28</sup> The Unit was also hoping to put in place a network of private sector facilitators, but this was significantly behind schedule and only one facilitator had been appointed at the time of our hearing. Since then, project applications have been received to cover the remaining eight posts. The projects are being appraised and should be approved in early November.<sup>29</sup> However, the witnesses pointed out that the planned extent of private sector involvement was much greater than before – there were no private sector led projects under the old programmes, and it was more difficult to find the right solutions when one was doing something for the first time. They were pleased that 22 projects had already been approved, and that a further 55 were in the pipeline.<sup>30</sup>

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<sup>24</sup> AGW Report, box on page 31

<sup>25</sup> Qs 54 and 60

<sup>26</sup> Qs 57 - 58

<sup>27</sup> Q57

<sup>28</sup> Q58

<sup>29</sup> Qs 58 and 62 – 64; Annex B

<sup>30</sup> Q22 and AGW Report, box on page 31

27. We accept that progress has been made and is continuing. Nevertheless, it is clear that strong negative perceptions persist and we recognise that these will not be overcome overnight. We are disappointed, however, with the delays in establishing the private sector facilitators. They should be able to provide a valuable service to businesses and it is not acceptable that project applications were received more than a year after it was agreed that the idea should be taken forward. We look forward now to the remaining facilitators being in place as soon as possible. **We recommend that all remaining posts for the private sector facilitators be filled without further delay and that WEFO puts every effort into ensuring the success of the “blueprint projects”.**

#### *The appraisal process*

28. Many of the negative perceptions about Objective 1 – and not just among the private sector – arise from the complexity and length of the project development and appraisal process. There are three parts of the process which merit attention: the length of the process, the amount of information required from applicants, and the guidance available to applicants.

#### *The length of the process*

29. The Auditor General’s report refers to eleven stages, which typically take several months to go through.<sup>31</sup> Briefly, a potential applicant works with the relevant partnership to develop its idea into a formal project application, after consultation with other partnerships and formal endorsement by one or more committees. This is the project development process, and its length depends largely on how well developed the project is when the partnership is first approached.<sup>32</sup>

30. Project appraisal is the responsibility of WEFO, which checks that a project meets the essential criteria of the programme and assesses its quality and value for money. This may involve additional consultation with partnerships. The relevant strategy partnership then endorses WEFO’s decision before a formal grant offer is made. The length of the process depends on the quality of the application, whether any significant policy or compliance issues are raised, whether external advice is needed, and how many strategy partnerships are involved.<sup>33</sup>

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<sup>31</sup> AGW Report, Figure 11 (page 22)

<sup>32</sup> Q91

<sup>33</sup> AGW Report, paragraph 4.40

31. WEFO has a target of processing applications within 90 days. This target is comparable with the English Objective 1 regions of Cornwall and Merseyside. WEFO does not yet have an automated system for collecting data on performance against this 90 day target, although this is being developed as part of the new IT system. However, an exercise in February 2002 showed that the average appraisal time for those project applications that were received and approved in 2001 was 103 days, compared with WEFO's target of 90 days.<sup>34</sup>
32. The witnesses told us that there were no plans for a wholesale change that would dramatically simplify or shorten the process. However, there was some streamlining that could be done, and WEFO was considering abolishing the second consultation process which takes place immediately before the strategy partnerships meet.<sup>35</sup> This may be possible as the initial consultation stage – during the project development period – was now “coming together very well” and if this continues, the second consultation stage would not be necessary.<sup>36</sup> The aim was for the project development process to work so well that by the time a full application reaches WEFO, it had a very good chance of being approved because of good quality control by the partnerships. The Chief Executive was confident that average appraisal times were getting faster and could be further reduced; indeed he said that 90 days was far too long to appraise a project.<sup>37</sup>
33. The Committee recognises that progress is being made and we are particularly pleased that the consultation process seems to be working well, adding value to the project development and appraisal procedures. But we remain concerned about the laborious and lengthy process and it can only be justified if each element demonstrably adds value to the process. **We recommend that WEFO keeps under review the project development and assessment process, with a view to removing or amending those elements which become superfluous. We agree with WEFO's intention of dispensing with the second phase of consultation with partnerships, provided that the first phase is working well, and urge that this be done at the earliest opportunity.**
34. It is disappointing that WEFO is not yet meeting its target of a 90 day turnaround time for the majority of project appraisals, and we welcome WEFO's commitment to achieve a much better turnaround time. Clearly there will always be some projects that will take a long time

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<sup>34</sup> AGW Report, paragraphs 4.41 – 4.43

<sup>35</sup> Q91

<sup>36</sup> Q93

<sup>37</sup> Q97

to deal with, and the project development stage is vital in determining the quality of applications that WEFO receives. But we are keen for WEFO to implement all possible measures to minimise appraisal times, without reducing the quality of assessment that each project receives. It is important that WEFO is able to monitor appraisal times on a comprehensive and regular basis, so that any blockages in the process can be identified. **We recommend that WEFO uses its new information system to monitor appraisal times systematically, so that any problems or delays can be identified quickly.**

*Information needed on the application form*

35. The Auditor General found that a key concern of applicants was the large amount of information required on the application forms. To some extent this is inevitable, as the application form is essentially a full justification for the project and must demonstrate how it meets the demanding and extensive requirements of the Structural Funds.<sup>38</sup> The amount of information required will shortly increase further, to include the timing and location of project outputs.<sup>39</sup>
36. WEFO plans to consider the scope for replacing its present lengthy application form with a shorter one, supported by a business plan containing the substantial justification of the project, as recommended by the AGW.<sup>40</sup> We note that this will not actually reduce the amount of information required, but could be more flexible and user-friendly. We are pleased that WEFO is looking at the scope for simplifying the information requirements, but we recognise that this must not be at the expense of complying fully with regulations and providing all the information needed for a thorough assessment of the project's quality and value for money.

*Guidance for applicants*

37. There is a huge amount of guidance available for applicants, reflecting the wide-ranging nature of the programmes and the fact that the local, regional and strategy partnerships produce their own guidance on strategy. Again, it is inevitable that an extensive amount of material is needed if all the programmes are to be comprehensively covered.<sup>41</sup> However, there is a danger that potential applicants will be put off by the volume of material. The key

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<sup>38</sup> AGW Report, paragraph 4.44

<sup>39</sup> AGW Report, paragraph 4.47

<sup>40</sup> Q102 and AGW Report, paragraph 4.46

<sup>41</sup> AGW Report, paragraphs 4.48 - 4.49

is to structure the guidance in such a way that different applicants are signposted to the guidance that is of value to them, and do not have to wade through tomes of irrelevant material. We welcome the steps taken by WEFO to make its guidance more user-friendly, and endorse the approach of producing a simple starter pack as a core document.<sup>42</sup>

#### Key funds and project commissioning

38. A more radical approach for addressing the difficulties inherent in the project development and appraisal process is to use alternative delivery mechanisms that simplify the process for the majority of those accessing the Funds. Key funds are run by intermediaries with some experience in the activity that they cover. They apply in the normal way to WEFO for a block of funds to meet a specific need. This is match-funded and then passed on to the final recipients, often as a 100 per cent grant. The advantage of this approach for the project sponsor is that match funding is easier to find or is not necessary for the final recipient, and the application process can be shortened and simplified by tailoring it to the specific activity covered by the key fund. The drawback is that it will take longer to spend the money, as the key fund creates an additional layer through which money must pass before WEFO can claim the Structural Funds from the European Commission. This raises the risk of losing money through decommitment (see paragraphs 62-66).
39. Many key funds are already in place, notably the Finance Wales loan and equity fund, the Social Risk Capital Fund for the voluntary sector and various small business grant schemes operated by local authorities.<sup>43</sup> The Chief Executive said that WEFO regarded key funds as a very important way of getting the money to where it was most needed with the minimum of bureaucracy. It was considering creating additional key funds for community regeneration activities.<sup>44</sup> We recognise that there are clear advantages to operating key funds in circumventing the administrative burden for smaller applicants, especially in the voluntary and private sectors, and the disadvantages of slower spending can be overcome by good management.
40. Project commissioning involves specifying in some detail the type of project that is needed, and then inviting applications. It may be particularly suitable to address shortfalls in certain types of activity or certain geographical areas. The Director of the ERDF Division told us

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<sup>42</sup> Q104

<sup>43</sup> AGW Report, paragraph 4.52

<sup>44</sup> Qs 107 - 108

that it works well in prioritising projects at the outset – for example, the partnerships have worked together at a sub-regional level to identify the type of sites and premises projects that will be of most value to their areas. Similar work is underway for the transport measure. One advantage is that project sponsors can apply with confidence, knowing that their project is likely to be accepted if it meets the scheme criteria.<sup>45</sup> We are heartened by these examples, which is the sort of co-operative, strategic and targeted approach that will maximise the benefits of the Structural Funds. **We find the current use of key funds and the proposals to introduce project commissioning encouraging, and we recommend that WEFO continues to develop these areas, while monitoring closely the effect they have on the rate of spend.**

#### *Project appraisal by WEFO*

41. It is essential that the Structural Funds are used to support high quality projects that will fulfil the wider requirements of the programme and benefit Wales, and it is therefore crucial that WEFO undertakes a rigorous appraisal of all project applications. At the same time, WEFO needs to maintain a balance between thorough assessments and a streamlined appraisal process that does not unduly delay the progress of worthy projects. Achieving this balance is one of the major challenges faced by WEFO.

#### *Added value*

42. It is a basic requirement that projects **add value** - this can take a variety of forms, for example by increasing the quantity or quality of services or by providing a service sooner than would otherwise be the case. It follows that projects must not substitute for existing or planned activity or duplicate existing activity. The Auditor General reported that WEFO's scrutiny of the added value of projects varied considerably, and that it relied on partnerships to identify potential duplication. For some public sector projects, it was not always clear how much additional provision was being made available with the grant or where any resources released by funding the project would be redirected.<sup>46</sup>

43. The Director of ERDF accepted that there were difficulties in assessing added value, and emphasised the differences between projects in terms of the quality of information provided, and the ease with which added value could be proved. Certain projects could easily demonstrate added value, while for others it was quite difficult and could involve an

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<sup>45</sup> Qs 109 – 110

<sup>46</sup> AGW Report, paragraphs 4.24 - 4.26

assessment at both the project level and a higher, policy level.<sup>47</sup> The Director also acknowledged that added value was not always clearly documented in project appraisals, and that there was scope to develop a more comprehensive framework for assessing added value in conjunction with the partnerships. WEFO was working on this and would strengthen its guidance for applicants and auditors. The aim would be to provide a higher standard for the assessment of added value, so that WEFO would no longer have to accept an applicant's word that added value was being provided, as is the case with some projects at the moment. However, the Director thought that the problems encountered during financial control visits did not indicate that projects were not adding value in reality. In her view it was more a matter of improving documentation at the appraisal stage, and communicating to project sponsors how they needed to demonstrate the added value of their project.<sup>48</sup>

44. As the Auditor General's report states, added value is a difficult area and there is a limit to what WEFO can do at appraisal stage.<sup>49</sup> Equally, however, there is a limit to what auditors can do and there is little that can be done to rectify problems once a project is finished. It is vital that the requirements are clarified for all types of project and that all project applicants have a clear understanding of them. It is worrying that many projects cannot demonstrate their added value, and that in some cases WEFO is simply accepting the applicant's word that added value is being provided. This suggests to us that problems go a little deeper than documentation. **We recommend that WEFO takes early action to strengthen its guidance and develop a framework for assessing added value. We expect this to lead to a greater clarity and a wider understanding of what is needed, and a rigorous risk-based assessment of added value at appraisal stage.**

*Need for the project*

45. The Auditor General found that projects varied in the quality of the case they put forward, and that WEFO relied heavily on the partnerships to assess in detail the need for a project and its quality. However, these assessments were not clearly documented on WEFO's files or formally incorporated into its project selection system.<sup>50</sup> The Director of ERDF accepted that the assessment of project need should be better documented and that WEFO may need to be more thorough where it is relying on the partnerships. WEFO accepted the Auditor General's

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<sup>47</sup> Qs 72 and 75

<sup>48</sup> Qs 69 - 72

<sup>49</sup> AGW Report, paragraph 4.27

<sup>50</sup> AGW Report, paragraphs 4.29 - 4.30



recommendation that it should incorporate a more detailed assessment of project need into its appraisal system, and was actively working on this at the moment.<sup>51</sup>

46. We are concerned that this key aspect of project appraisal has not been fully documented, and we welcome the improvements that are being made. We also note that matters have improved since the first round of projects in 2000. **We recommend that WEFO ensures that a suitably detailed assessment of project need is carried out for all projects, incorporating the work of partnerships where possible and that in future this is properly documented on WEFO files.**

#### *Costs and outputs*

47. The Auditor General reported that WEFO appraised project costs in some detail, but that the assessment of outcomes and unit costs was less well developed. At the time of our hearing, WEFO did not have detailed guidance for staff on costs and outputs, unlike Objective 1 appraisal staff in Cornwall, for example.<sup>52</sup> The Director of ERDF told us that many staff had sufficient experience to appraise projects without such guidance. Nevertheless, she agreed that the current system could be improved by developing guidance for staff, and WEFO plans to develop this.<sup>53</sup> **We recommend that WEFO develops a more consistent and robust system for assessing the value for money of project costs and outputs.** It is particularly important that planned outputs are realistic, as these will ultimately determine the overall impact of the programmes.

#### *Risk assessment*

48. Underpinning all appraisal activities must be an appreciation of the risks that might divert a project from achieving its aims. We are concerned that there was no evidence of risk assessment on WEFO's appraisal files examined by the National Audit Office Wales staff.<sup>54</sup> This is a weakness, as it means there is no way of ensuring that risks are properly assessed when decisions are taken; and it exposes WEFO to criticism should something go wrong, even if the relevant risks were properly assessed.<sup>55</sup> WEFO is developing a standard mechanism to document the risks identified during appraisal and to feed them into subsequent

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<sup>51</sup> Qs 77 - 78

<sup>52</sup> AGW Report, paragraphs 4.33 - 4.34

<sup>53</sup> Qs 85 - 86

<sup>54</sup> AGW Report, paragraph 4.37

<sup>55</sup> Qs 88 - 89

monitoring and financial control activity.<sup>56</sup> This is a welcome development and we hope that it will avoid such problems occurring in the future, while enhancing the quality of appraisal and financial control.

### **Monitoring, control and evaluation**

49. The monitoring and evaluation phases of grant management are vital to help ensure that projects are delivered as planned and that the programme's objectives are achieved. This involves monitoring the progress of individual projects and of each programme as a whole, and evaluating its impact. WEFO also has extensive obligations under the European regulations for the financial control of the Structural Funds and to report on their use.

#### *Audit and financial control*

50. WEFO's financial control regime involves checks on claim forms, independent external audits of most projects each year, and more detailed inspections by WEFO staff of a sample of projects covering at least five per cent of the eligible expenditure of the Funds. The Auditor General reported that WEFO had established procedures to ensure that claims are processed effectively, that claims are correctly stated and that it meets European financial control requirements. Nevertheless, there was some inconsistency in the scope of work that auditors were asked to do, and in the information provided to them.<sup>57</sup> And there is a degree of overlap between the annual audits of project expenditure and the more detailed work of WEFO's financial control team.<sup>58</sup>

51. The Director of Finance accepted that there was room for improvement but believed that nothing significant was missing from the existing guidance.<sup>59</sup> He also accepted that there may be scope for reducing the overlap between the work of independent auditors and WEFO's financial control team. WEFO planned to discuss the issues involved with the relevant audit bodies. However, the financial control regime adopted by WEFO, and approved by the European Commission, required both financial control visits by WEFO staff and external annual audits of project expenditure, meaning that there were limits to the reduction in overlap that could be achieved.<sup>60</sup>

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<sup>56</sup> AGW Report, paragraph 4.37

<sup>57</sup> AGW Report, paragraphs 4.64, 4.66 and 4.71

<sup>58</sup> Q122

<sup>59</sup> Q113

<sup>60</sup> Qs 122 - 123

52. The results of the audits and financial control visits also give cause for concern. The Auditor General's work on projects under the new programmes, and WEFO's work on projects carried out under the old programmes, both reveal a wide range of problems including failure to document project spend adequately, difficulties in confirming match funding and added value, ineligible expenditure and inappropriate apportionment of overheads to projects.<sup>61</sup> Largely as a result of these problems, WEFO has had to delay starting monitoring work on the new programmes, and financial control visits for current projects is not expected to get underway until early 2003.<sup>62</sup>
53. The Director of Finance told us that he considered these problems to be serious, and was disappointed that public sector bodies were unable to maintain records and make their claims properly. WEFO's role was twofold: to rely on the auditors for assurance that it is safe to release public money, and to help project sponsors to understand what is required of them under the complex regulations that govern the Structural Funds.<sup>63</sup> WEFO may cancel a project altogether, but would use this sanction only in the most exceptional circumstances. In his view, however, the problems in putting together accurate claims indicated a general problem of mismanagement rather than a fundamental problem with the underlying expenditure.<sup>64</sup> WEFO was not worried about the delay in starting financial control audits of projects under the new programmes; relatively little has been spent so far and this means that it will not be too difficult to test the five per cent required by European regulations within a relatively short period of time. Also, WEFO hoped that many of the lessons learned on the old programmes would carry forward to the new programmes, as many of the project sponsors were the same.<sup>65</sup>
54. We share WEFO's concerns about the apparently poor record-keeping and understanding of the regulations shown by many project sponsors, including public sector bodies. This suggests that there is a major education task ahead for WEFO and the wider partnership to ensure that all project sponsors are fully aware of their responsibilities. It is essential that problems are discovered early so that they can be rectified before they have a major impact on the programme. It is clear that this did not happen on the old programmes, and we do not want that repeated in the current programming round. We are concerned by the delay in

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<sup>61</sup> AGW report, paragraphs 4.67 and 4.69

<sup>62</sup> AGW report, paragraph 4.68

<sup>63</sup> Q115

<sup>64</sup> Q116

<sup>65</sup> Qs 119 - Q120

starting financial control visits for the new programmes, not because it will be particularly difficult to meet the five per cent target set by the European Commission, but because WEFO as a consequence will not detect systemic weaknesses until two years after the start of the first projects. We recognise the resource constraints that WEFO faces, and the risk-based approach which it is now developing, but **we recommend that WEFO, perhaps through its financial control visits, takes steps to confirm early in the life of each project that good systems and record keeping arrangements are in place and that there are no serious problems in delivery.**

55. We acknowledge the administrative challenge facing project managers in complying with the various regulations that govern their use of the Structural Funds. It is therefore important to reduce the burden as much as reasonably possible. There is scope for improved clarity and better co-ordination of the work of external auditors and WEFO's financial control team, so that the scope of their work is clear and consistent, that overlap is minimised and there are good channels of communication to discuss matters of common interest. **We recommend that WEFO undertakes a review of the current arrangements for audit and financial control, with a view to improving the clarity and coordination of the roles of the external project auditors and its own financial control team.** Needless to say, we do not expect any changes to these arrangements to lead to any diminution of their overall robustness as control mechanisms.

*Monitoring of activity, results and impacts*

56. All the programmes have specific, measurable targets for the delivery of outputs and outcomes. The Auditor General reported that there was no reliable information on planned and actual outputs at a programme level, so it was not clear how much progress was being made in achieving the programme targets. WEFO was taking steps to resolve these problems, and the new information system should allow planned and actual outputs to be monitored in detail by the end of September 2002.<sup>66</sup>

57. The witnesses assured us that good progress was now being made on this matter. The rationalisation of targets in the Objective 1 Programme Complement had been completed, and WEFO had taken the opportunity to re-write it in a more user-friendly form. However, the new information system was vital as without it WEFO could not properly assess progress in meeting the programme targets. There is some information available on planned outputs, but

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<sup>66</sup> AGW Report, paragraph 4.76

none on what is actually being achieved. Whilst recognising the importance of the new IT system, the Director of Finance pointed out that expenditure – and the outputs that will follow – were at a relatively low level as most projects were still at an early stage.<sup>67</sup>

58. WEFO told us that it was also taking steps to ensure that the information being provided by project sponsors was robust. It had issued guidance on the definition of outputs, but there would always be an element of judgement and discretion in estimating some outputs, such as the effect of individual projects on job numbers. It was discussing with partnerships what role they could play in monitoring individual projects, and the final audit certificate of each project would also cover project outputs.<sup>68</sup>
59. We find it very disappointing that over two years into the current programming round, it is only just becoming possible to monitor planned and actual outputs at a detailed level. These outputs – and the outcomes that will emerge from them – will ultimately determine the success of the programmes. Nevertheless, we are satisfied that WEFO is endeavouring to resolve these problems. The first stage – rationalisation of outputs for Objective 1 – has now been achieved, although it is disappointing to learn that discrepancies occurred because a document as important as the Programme Complement was prepared hurriedly by a single person.<sup>69</sup> The next stage is the implementation of the new information system, which will allow information to be collated and analysed in a systematic way. This is now underway.
60. The third stage is to confirm the validity of the outputs declared by project sponsors, and WEFO hopes to involve the partnerships in verifying information and monitoring general progress. We agree that partnerships should be involved in monitoring and evaluation, but we have some reservations about the professional expertise and resources available to partnerships to undertake this role. It might be better to ensure consistency and rigour if WEFO itself visited more projects (all ERDF projects are visited in Merseyside and Cornwall). This direct personal contact would allow WEFO to keep a close eye on progress, receive feedback, and develop close relationships with project sponsors.<sup>70</sup> **We recommend that WEFO considers adopting a policy of visiting all project sponsors at least once to review general progress and verify output information.**

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<sup>67</sup> Qs 125 - 127

<sup>68</sup> Q130

<sup>69</sup> Q127

<sup>70</sup> Qs 135 - 136

61. The final stage is to use the extensive monitoring information to evaluate the wider impact of the programmes. We appreciate that it will take time for these impacts to appear but it is very important that WEFO has some indication from the outset of what the net effect of different types of intervention will be, and that this is incorporated into project appraisal and monitoring as far as is practical. Ultimately the programmes are designed to promote improvements in economic performance that will lead to long-term increases in GDP. Despite the difficulties that we recognise in measuring the link between the injection of Structural Funds and GDP, we trust that WEFO's evaluation team will be able to assess the impact of the main programme interventions on the Welsh economy.<sup>71</sup>

### Decommitment

62. Decommitment is the term used to mean withdrawal of structural funding by the European Commission. The funds must be spent in accordance with agreed profiles, or they are lost.<sup>72</sup> WEFO receives an advance for each Structural Fund within each programme which gives WEFO some leeway as the programmes build up, but the effect is progressively removed towards the end of the programming period.<sup>73</sup> It means, for example, that WEFO must spend a minimum of £103 million on grants for Objectives 1 and 3 in 2002, and an additional £207 million in 2003. Although WEFO had spent 70 per cent of its overall target for 2002 by the end of March, this varied widely between the four Structural Funds and was ten per cent or less for both EAGGF and FIFG. The risk of decommitment is therefore correspondingly greater for these two funds.<sup>74</sup> **We recommend that WEFO takes all possible steps to minimise the risk of decommitment especially on EAGGF and FIFG where those risks currently appear greatest.**

63. The WEFO Chief Executive assured us that the risk of decommitment remained low for ERDF and ESF, primarily because it was possible to spread the risk among a large number of projects, and the fast track projects in 2000 had generated a lot of expenditure at an early stage. He also told us that progress had been made on EAGGF and FIFG since the position at 31 March 2002 reported by the Auditor General; although the risk of decommitment on these two funds remained relatively high it was not as high as it had been. He assured us that WEFO was acting to expedite each of the stages of the process that ultimately determine the

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<sup>71</sup> Qs 141 – 142; Annex C

<sup>72</sup> AGW Report, paragraph 4.78

<sup>73</sup> Q161

<sup>74</sup> AGW Report, Figure 15 (page 42) and paragraphs 4.83 - 4.84

rate of spend. It was taking a proactive approach in generating projects, was reducing appraisal times, and was pursuing late claims.<sup>75</sup>

64. One way in which WEFO is seeking to manage the decommitment risk is by bringing forward the commitment of funds where this is possible and does not compromise the strategic integrity of the programmes. For example, once infrastructure proposals have been prioritised, WEFO hopes to commit a large proportion of the total funds so that expenditure can be generated quickly. Some popular measures – such as innovation, research and development – have been fully committed well beyond 2002.<sup>76</sup> WEFO can also “over-commit” funds on the basis that some spending will never materialise because projects fail or deliver less than they promised. However, the Chief Executive emphasised that it was difficult to estimate the appropriate amount of over-commitment because of the number of variables that can cause a slippage in expenditure, and there is a large element of judgement involved. He told us that WEFO should be able to fine-tune its estimates in future with the benefit of experience and by using statistical analysis.<sup>77</sup>

65. A major impediment to planning ahead is the failure of many project sponsors to provide realistic forecasts of their expenditure. If these were more accurate, WEFO could bring forward particular projects to meet anticipated shortfalls.<sup>78</sup> Similarly, there have been problems with late claims, particularly on ESF projects.<sup>79</sup> In both cases, WEFO aims to be supportive and proactive, so as to resolve the problem while cultivating a relationship with project sponsors that will encourage honest and timely reporting. For this reason, WEFO would be very reluctant to cancel a grant because of persistent mis-reporting or late claims.<sup>80</sup>

66. It is clear that WEFO is taking action on each of the stages in the project cycle that ultimately determines spending rates – and thus the severity of the decommitment risk. The measures being taken to help develop projects, reduce appraisal times, improve information systems and expedite payment times have been detailed elsewhere in this report. In this sense the management of the decommitment risk brings together every aspect of programme management. While we recognise the complexities involved in managing decommitment, we remain very concerned at the prospect of this risk materialising, since that would mean a real

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<sup>75</sup> Qs 144 - 146, 149 and 161

<sup>76</sup> Qs 147, 168 and 173

<sup>77</sup> Q148

<sup>78</sup> Q161

<sup>79</sup> AGW Report, paragraph 4.82(d)

<sup>80</sup> Q175

loss of hard cash for Wales. We endorse WEFO's approach of cautious forward commitment. We also hope that the new information system will enhance WEFO's ability to forecast expenditure and to assess the relative importance of the various factors that affect decommitment. Ideally, WEFO should seek to anticipate likely shortfalls in expenditure and bring forward specific projects to maintain the spending profile. This is unlikely to be practical, however, and it is likely that a more general policy of forward commitment will have to suffice. As a programme nears its end, it will not be possible to bring forward expenditure and a degree of over-commitment will be necessary to ensure that no funding is lost. **We recommend that WEFO pays particular attention to developing its forecasting procedures - and the capability of project sponsors in the same area - to ensure that modest overcommitment, whilst tightly controlled and in line with recent trends, is sufficient to fully utilise the available structural funds.**

#### Exchange risk

67. The European Commission pays all structural fund assistance in euros. WEFO uses a planning rate of 1.62 euros to the pound, but the amount actually received from the Commission depends on the exchange rate in force at the end of the month preceding that in which payments were made to project sponsors.<sup>81</sup> This variation presents another layer of uncertainty that needs to be managed by WEFO. The Director of Finance told us that WEFO monitored the exchange rate and would consider amending the sterling financial allocations if the actual exchange rate differed by more than five per cent from the planning rate of 1.62. This had not happened at the time of our hearing, but of course it could do so in the future. A reduction in the euro/sterling exchange rate releases additional funds; an increase cuts the amount of money available over the remainder of the programming period.
68. The Director of Finance emphasised that variations in the exchange rate affect the unspent part of the programme only, and the effect would decline towards the end of the programming round as the unspent part reduced.<sup>82</sup> However, payments will continue until 2009, and a substantial part of the funds will be spent after the deadline of 31 December 2006 when all projects will have to have been approved. WEFO will therefore have to estimate the effect of future variations in the exchange rate on projects approved towards the end of the programmes. It is possible that Wales could lose several million pounds if the value of

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<sup>81</sup> AGW Report, paragraph 1.11

<sup>82</sup> Q179



sterling falls significantly below the expected rate, and equally that substantial resources would have to be found from elsewhere if sterling strengthened. **We recommend that WEFO and the Assembly Government together consider how the exchange rate risk can be managed in the final stages of the programmes when the scope for altering expenditure within the programming round will be progressively reduced.**

#### Performance reserve

69. Four per cent of the value of Objectives 1, 2 and 3 is set aside as a “performance reserve”, which will be allocated to the best performing priorities in each programme after the mid-term evaluation, which will be completed in 2003. The performance reserve will not be allocated outside Wales, but it will only be available to a programme if certain, as yet unfinalised, criteria are met.<sup>83</sup> Nevertheless, the Chief Executive and Director of Finance were generally confident that the criteria would be met and that Wales would qualify for the reserve.<sup>84</sup>
70. It is clearly important that Wales does benefit from the reserve, as it would provide an additional £52 million, 4 per cent of the £1.301 billion available for Objectives 1, 2 and 3 for the country. The Auditor General reported that WEFO was well on the way to meeting most of the likely criteria,<sup>85</sup> but the delicate situation on decommitment suggests that it may indeed be too early to be fully confident that we will qualify for the performance reserve - especially as the criteria themselves have not yet been settled. We look forward to an early resolution of this matter, and to early confirmation that Wales is firmly on course to benefit from the reserve.

### **Recommendations**

71. In light of these findings and conclusions we recommend that:

- i) for future programmes, the basic management arrangements are settled well in advance of the programme’s launch, and that comprehensive guidance for partnerships and applicants be issued in good time;**

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<sup>83</sup> AGW Report, paragraphs 4.91 - 92

<sup>84</sup> Qs 181 – 182

<sup>85</sup> AGW report, Figure 3 and paragraph 4.93

- ii) WEFO monitors rigorously the geographical distribution of programme expenditure and benefits, to identify areas of common concern, and to take a proactive role in assisting partnerships to develop solutions;**
- iii) WEFO and the Assembly take all necessary steps to ensure that WEFO is sufficiently resourced to carry out the full range of its work;**
- iv) WEFO takes all reasonable steps to ensure the timely completion of the remaining phases of the required IT improvements and urge it to do everything possible to keep the costs of achieving this to a minimum, new computer systems being notorious for time delays and cost escalation;**
- v) WEFO seeks to be as proactive as possible in monitoring the availability and take-up of match funding so that problems – and possible solutions – can be identified by those who have the necessary influence to deliver improvements;**
- vi) all remaining posts for the private sector facilitators are filled without further delay and that WEFO puts every effort into ensuring the success of the “blueprint projects”;**
- vii) WEFO keeps under review the project development and assessment process, with a view to removing or amending those elements which become superfluous. We agree with WEFO’s intention of dispensing with the second phase of consultation with partnerships, provided that the first phase is working well, and urge that this be done at the earliest opportunity;**
- viii) WEFO uses its new information system to monitor appraisal times systematically, so that any problems or delays can be identified quickly;**
- ix) WEFO continues to develop proposals for key funds and project commissioning, while monitoring closely the effect that they have on the rate of spend;**
- x) WEFO takes early action to strengthen its guidance and develop a framework for assessing added value. We expect this to lead to greater clarity and a wider understanding of what is needed, and a rigorous risk-based assessment of added value at the appraisal stage;**
- xi) WEFO ensures that a suitably detailed assessment of project need is carried out for all projects, incorporating the work of partnerships where possible, and that in future this is properly documented on WEFO files;**

- xii) WEFO develops a more consistent and robust system for assessing the value for money of project costs and outputs;**
- xiii) WEFO, perhaps through its financial control visits, takes steps to confirm early in the life of each project that good systems and record keeping arrangements are in place and that there are no serious problems in delivery;**
- xiv) WEFO undertakes a review of the current arrangements for audit and financial control, with a view to improving the clarity and co-ordination of the roles of the external project auditors and its own financial control team;**
- xv) WEFO considers adopting a policy of visiting all project sponsors at least once to review general progress and verify output information;**
- xvi) WEFO takes all possible steps to minimise the risk of decommitment particularly on EAGGF and FIFG where those risk currently appear greatest;**
- xvii) We recommend that WEFO pays particular attention to developing its forecasting procedures - and the capability of project sponsors in the same area - to ensure that modest overcommitment, whilst tightly controlled and in line with recent trends, is sufficient to fully utilise the available structural funds; and**
- xviii) WEFO and the Assembly Government together consider how the exchange rate risk can be managed in the final stages of the programmes when the scope for altering expenditure within the programming round will be progressively reduced.**

### **Concluding comments**

72. Wales stands to benefit from £1.4 billion of structural funding during the period 2000-06. It is vital that we make the most of this unique opportunity to help regenerate our economy, especially in the Objective 1 region of West Wales and the Valleys, which will receive the bulk of the money. The Objective 1 programme had a difficult start: the lack of an agreed management framework at the outset and the rapid launch of the programme created enormous strains on everyone involved. WEFO and its partners are still working to deal with the problems that characterised that period: a lack of guidance for applicants and partnerships, very long appraisal times, a poor information system, and weaknesses in appraisal procedures, among others. It was perhaps inevitable that the sudden expansion of the Structural Funds, when coupled with major organisational changes would create initial

difficulties and that these would take time to overcome. We do not wish to dwell on these difficulties, but we hope that better and more timely planning will avoid such severe problems occurring in future programming rounds.

73. It is clear that things have now settled down and that progress is being made on all the key issues. We are particularly keen on the integrated solutions that are being developed: key funds, project commissioning and sub-regional working to prioritise projects and co-ordinate strategies. These actions should help tailor a complex process to specific needs, making it easier to deliver objectives. It should also simplify a complex and potentially off-putting process – thus helping to engage the voluntary and private sectors in a way that has not yet been possible. We urge WEFO to make further progress along these lines, keeping the various processes and regulations as straightforward as possible so that attention is devoted more to outputs and outcomes rather than issues of compliance and procedure.
74. Decommithment remains a real threat, and could jeopardise the performance reserve. It is vital that WEFO, the partnerships and project sponsors work together to develop and appraise projects swiftly, deliver them on time, and submit claims promptly. This will require a clear understanding by all parties of their responsibilities and the rules governing the programmes. This understanding needs to be further developed, as the problems with late and error-prone claims indicate. Finally, the risks involved can only be managed effectively if WEFO has a robust and comprehensive information system. We are pleased that this is now being developed, although we are concerned that even basic monitoring of actual activity has not been possible until now.
75. We welcome the fact that WEFO has accepted the Auditor General's recommendations and is taking action to implement them. Given the importance of the Structural Funds to Wales, we have asked him to provide a further report in due course to review progress in implementing these recommendations, and to review the position on decommitment.



**Cynulliad Cenedlaethol Cymru**

**Pwyllgor Archwilio**

**The National Assembly for Wales**

**Audit Committee**

**Cronfeydd Strwythurol yr Undeb Ewropeaidd**

**European Union Structural Funds**

**Cwestiynau 1-185**

**Questions 1-185**

**Dydd Iau 20 Mehefin 2002**

**Thursday 20 June 2002**

Aelodau o'r Cynulliad yn bresennol: Dafydd Wigley (Cadeirydd), Eleanor Burnham, Alun Cairns, Janet Davies, Janice Gregory, Alison Halford, Val Lloyd.

Swyddogion yn bresennol: Syr John Bourn, Archwilydd Cyffredinol Cymru; Gillian Body, Swyddfa Archwilio Genedlaethol Cymru; David Powell, Swyddog Cydymffurfio Cynulliad Cenedlaethol Cymru.

Tystion: John Clarke, Prif Weithredwr, Swyddfa Cyllid Ewropeaidd Cymru; Phil Gray, Cyfarwyddwr Cyllid, Swyddfa Cyllid Ewropeaidd Cymru; Sheila Maxwell, Pennaeth Is-adran Grantiau Datblygu Rhanbarthol Ewrop, Swyddfa Cyllid Ewropeaidd Cymru; Caroline Turner, Cyfarwyddwraig Polisi a Strategaeth, Swyddfa Cyllid Ewropeaidd Cymru.

Assembly Members present: Dafydd Wigley (Chair), Eleanor Burnham, Alun Cairns, Janet Davies, Janice Gregory, Alison Halford, Val Lloyd.

*Officials present: Sir John Bourn, Auditor General for Wales; Gillian Body, National Audit Office Wales; David Powell, National Assembly for Wales Compliance Officer.*

*Witnesses: John Clarke, Chief Executive, Welsh European Funding Office; Phil Gray, Director of Finance, Welsh European Funding Office; Sheila Maxwell, Head of European Regional Development Grant Division, Welsh European Funding Office; Caroline Turner, Director of Policy and Strategy, Welsh European Funding Office.*

Dechreuodd y cyfarfod am 2 p.m.

The meeting began at 2 p.m.

*[1] Dafydd Wigley: Croesawaf bawb i'r cyfarfod hwn o'r Pwyllgor Archwilio.*

*[1] Dafydd Wigley: I welcome everyone to this meeting of the Audit Committee.*

*I draw the attention of witnesses and visitors to our simultaneous translation system. Members and all witnesses may speak in Welsh or English. If anyone is hard of hearing, you may find that you can follow proceedings more easily by listening through the headsets.*

*Tynnaf sylw'r tystion a'r ymwelwyr at ein system cyfieithu ar y pryd. Caiff yr Aelodau a'r holl dystion siarad yn y Gymraeg neu'r Saesneg. Os oes rhywun sy'n drwm ei glyw, efallai y cewch eich bod yn gallu dilyn y trafodion yn haws drwy wrando drwy'r clustffonau.*

*Yr wyf wedi derbyn ymddiheuriadau gan Jocelyn Davies ac Ann Jones. Byddwn yn torri am egwyl fer am 3.15 p.m. Bydd te a choffi ar gael i Aelodau ac i dystion mewn ystafelloedd ar wahân. Yr ydym yn derbyn tystiolaeth heddiw ar 'Cronfeydd Strwythurol yr Undeb Ewropeaidd: Mwyhau'r Buddion i Gymru', adroddiad a baratowyd gan y Swyddfa Archwilio Gendlaethol ar ran Archwilydd Cyffredinol Cymru ac a gyhoeddwyd ar 13 Mehefin eleni. Croesawaf ein tystion ar gyfer y sesiwn cymryd tystiolaeth hwn. A fydddech mor garedig a chyflwyno eich hunain?*

*I have received apologies from Jocelyn Davies and Ann Jones. We will have a short break at 3.15 p.m. Tea and coffee will be available for Members and witnesses in separate rooms. We will receive evidence today on 'European Union Structural Funds: Maximising the Benefits for Wales', a report prepared by the National Audit Office on behalf of the Auditor General for Wales, which was published on 13 June this year. I welcome our witnesses to this evidence-taking session. Will you please introduce yourselves?*

**Mr Clarke:** *Thank you, Chair. I am John Clarke, chief executive of the Welsh European Funding Office. On my left is Phil Gray, the director of finance and support services. Dr Caroline Turner is WEFO's director of policy and strategy and Sheila Maxwell is head of the*

**Mr Clarke:** *Diolch, Gadeirydd. John Clarke wyf fi, prif weithredwr Swyddfa Cyllid Ewropeaidd Cymru. Ar y chwith i mi y mae Phil Gray, y cyfarwyddwr cyllid a gwasanaethau cynorthwyol. Dr Caroline Turner yw cyfarwyddwraig polisi a strategaeth WEFO a Sheila*

*European regional development grant division based in Cwm Cynon.*

*Maxwell yw pennaeth is-adran grantiau datblygu rhanbarthol Ewrop sydd â'i chanolfan yng Nghwm Cynon.*

**[2] Dafydd Wigley:** *Diolch yn fawr iawn. Mae'r mater ger ein bron yn un eithriadol o bwysig i Gymru ac mae gennym dipyn o waith i'w gyflawni felly fe fyddwn, fel Aelodau, yn ceisio cadw ein cwestiynau i'r pwynt a'n cwestiynau atodol mor fyr ag sydd bosibl. Byddwn yn ddiolchgar iawn pe gallech ymateb yn yr un modd—hynny yw, mor gryno a phwrpasol a phosibl—er mwyn i ni fynd trwy'r gwaith sydd ger ein bron. Yr wyf yn falch bod y Pwyllgor wedi cael cyfle i gymryd tystiolaeth ar y pwnc pwysig hwn. Fel y mae adroddiad yr Archwilydd Cyffredinol yn ei egluro, mae swm yr arian a ddaw i gyfeiriad Cymru yn ystod yr ychydig flynyddoedd nesaf yn sylweddol iawn. Felly, mae'n bwysig bod pob un ohonom yn ei ddefnyddio'n gall ac yn effeithiol. Gobeithio y bydd ein mewnbwn ni yn helpu WEFO a Llywodraeth y Cynulliad i ddal i weithio tuag at sicrhau ein bod yn cael y fantais eithaf o'r cyfle unigryw hwn. Trof at yr adroddiad, a'm cwestiwn cyntaf. Mae paragraffau 3.28 a 3.29 yn cyfeirio at yr anawsterau rheoli a wynebwyd yn ystod camau cynnar rhaglen Amcan 1 a rhai o'r gwersi a allai fod yn berthnasol ar*

**[2] Dafydd Wigley:** *Thank you very much. The issue before us is extremely important to Wales and we have a lot of work to get through so we, as Members, will try to keep our questions to the point and our supplementary questions as brief as possible. I would be very grateful if you would respond in the same way—that is, as briefly and to the point as possible—so that we can get through the work before us. I am delighted that the Committee has the opportunity to take evidence on this important topic. As the Auditor General's report explains, the amount of money that will come to Wales in the next few years is very substantial. Therefore, it is important that we all use it sensibly and effectively. I hope that our input will help WEFO and the Assembly Government to continue to work towards ensuring that we make the very most of this unique opportunity. I turn to the report, and my first question. Paragraphs 3.28 and 3.29 refer to the management difficulties faced during the early stages of the Objective 1 programme and some of the lessons that may be relevant for the future. I would like to begin by asking in what ways you think that you could have*



*gyfer y dyfodol. Hoffwn ddechrau drwy ofyn ym mha ffyrdd yr ydych yn credu y gellid bod wedi ymdrin yn well â sefydlu'r rhaglenni hyn?*

*better handled the establishment of these programmes?*

**Mr Clarke:** We certainly do not disagree with the conclusions in the report. I suppose I might quite simply put it in a slightly different way and say that, perhaps, on future occasions one should consider the delivery processes more in parallel with the creation of the strategies and policies in the single programming documents.

**Mr Clarke:** Yn sicr, nid ydym yn anghytuno â'r casgliadau yn yr adroddiad. Tybiaf y gallwn ei eirio ychydig yn wahanol a dweud efallai y dylai rhywun yn y dyfodol ystyried gweithredu'r prosesau'n fwy cyfochrog â chreu'r strategaethau a'r polisiau yn y dogfennau rhaglennu sengl.

[3] **Dafydd Wigley:** Sut y bydd y profiad a gawsoch o'r rhaglenni presennol yn effeithio ar unrhyw baratoi y byddwch yn ei wneud ar gyfer rhaglenni cyffelyb yn y dyfodol?

[3] **Dafydd Wigley:** How will your experience of the current programmes affect any preparations that you will make for similar programmes in the future?

**Mr Clarke:** I think that we have all gained an enormous amount of experience, even in the last two years, in deploying an amount of structural funds that has tripled over the six years to 1999, and, what is more, in doing that in partnership and in the context of the National Assembly and all that goes with it. A lot of lessons have been learnt in operating in partnership and in an

**Mr Clarke:** Credaf ein bod i gyd wedi ennill llawer iawn o brofiad, hyd yn oed yn y ddwy flynedd ddiwethaf, wrth roi ar waith swm o gyllid o'r cronfeydd strwythurol sydd wedi treblu dros y chwe blynedd hyd 1999, ac, yn ogystal â hynny, wrth wneud hynny mewn partneriaeth ac yng nghyd-destun y Cynulliad Cenedlaethol a phopeth sy'n cyd-fynd ag ef. Dysgwyd llawer o wersi o

inclusive way.

ran gweithredu mewn partneriaeth ac  
mewn modd cynhwysol

[4] **Dafydd Wigley:** There are references to a number of these matters in the report, of course. Are there any that you feel particularly strongly are lessons that you have learnt and is there anything you might have done differently?

[4] **Dafydd Wigley:** Cyfeirir at nifer o'r materion hyn yn yr adroddiad, wrth gwrs. A oes rhai y teimlwch yn arbennig o gryf eu bod yn wersi a ddysgasoch ac a oes rhywbeth y gallech fod wedi'i wneud yn wahanol?

**Mr Clarke:** No. To be honest, Chair, when I look back I feel that there is nothing major that one would have done differently. When we started, we started in the context of the Assembly, which was itself a new institution, and I suppose that the one thing that I probably underestimated was the degree of scrutiny surrounding this very important money and, obviously, the concomitant degree of media interest.

**Mr Clarke:** Nac oes. A dweud y gwir, Gadeirydd, pan edrychaf yn ôl teimlaf nad oes dim byd mawr y byddai rhywun wedi'i wneud yn wahanol. Pan ddechreuasom, gwnaethom hynny yng nghyd-destun y Cynulliad, a oedd hefyd yn sefydliad newydd, a thybiaf mai'r unig beth y rhoddais amcan rhy isel ohono oedd maint yr archwilio ar yr arian tra phwysig hwn ac, wrth gwrs, maint y diddordeb yn y cyfryngau a oedd yn gysylltiedig â hynny.

[5] **Dafydd Wigley:** That is very interesting.

[5] **Dafydd Wigley:** Mae hynny'n ddiddorol iawn.

Yr oeddech yn son, Mr Clarke, am fater partneriaeth. Mae paragraff 3.28 yr adroddiad yn nodi bod ymrwymiad Llywodraeth y Cynulliad tuag at weithio mewn partneriaeth, y credwch chi a fydd

You mentioned the issue of partnership, Mr Clarke. Paragraph 3.28 of the report notes that the Assembly Government's commitment to partnership working, which you believe will pay off in the

o werth yn y tymor hwy, wedi peri anawsterau penodol yn y camau cynnar wrth i'r partneriaid geisio dod i gytundeb ar faterion allweddol. Beth yw manteision gweithio mewn partneriaeth yn eich barn chi ac a yw'r manteision hyn wedi cael eu gwireddu erbyn hyn?

**Mr Clarke:** Yes, Chair, I believe that they are being realised. One should not see partnership as a blockage in the process. We see it as a value-adding part of the process. Our partners have enormous experience and expertise and they contribute that to the analysis of the projects. They help us to make sure that Wales does get the best out of this money. Beyond that is an even more important matter, namely that, through the medium of these partnerships, we are building capacity in our communities—the capacity of those communities to decide for themselves on their future and to plan for the future. We already have evidence that Objective 1 partnerships in some areas are taking on wider responsibilities for social and economic regeneration in their particular geographic area. So, if we achieve nothing else, we will have achieved a level of team playing in partnership that may not have been seen in the past.

longer term, caused specific difficulties in the early stages as the partners endeavoured to reach consensus on key issues. What are the advantages of partnership working in your opinion and have those advantages been realised yet?

**Mr Clarke:** Ydynt, Gadeirydd, credaf eu bod yn cael eu gwireddu. Ni ddylai rhywun ystyried partneriaeth yn rhwystr yn y broses. Fe'i gwelwn yn rhan o'r broses sy'n ychwanegu gwerth. Mae gan ein partneriaid brofiad ac arbenigedd helaeth iawn ac maent yn cyfrannu hynny at ddadansoddi prosiectau. Maent yn ein helpu i sicrhau bod Cymru'n cael y gorau o'r arian hwn. Mae mater pwysicach fyth y tu hwnt i hynny, sef ein bod, drwy gyfrwng y partneriaethau hyn, yn meithrin gallu yn ein cymunedau—gallu'r cymunedau hynny i benderfynu ar eu dyfodol drostynt eu hunain a chynllunio ar gyfer y dyfodol. Mae gennym dystiolaeth eisoes fod partneriaethau Amcan 1 mewn rhai ardaloedd yn ymgymryd â chyfrifoldebau ehangach dros adfywio cymdeithasol ac economaidd yn eu hardal benodol. Felly, hyd yn oed os na chyflawnwn ddim arall, byddwn wedi sicrhau graddau o weithio tîm mewn partneriaeth nas gwelwyd yn y gorffennol o bosibl.

[6] **Dafydd Wigley:** Is there any danger that working in partnership can lead to compromises that could then take the eye away from a strategic focus for these programmes?

**Mr Clarke:** There is that danger, but one thing that we are not short of in Objective 1 is strategies and one of the things that we are very keen on doing is ensuring that there is alignment between all the strategies so that, basically, all the needles on the various compasses are pointing in the same direction. This is one of the reasons why we have Dr Caroline Turner with us, to help ensure that that happens.

[7] **Dafydd Wigley:** A ydych chi eisiau ychwanegu at hynny, Dr Turner?

**Dr Turner:** Yr hyn y byddwn yn ei ddweud yw ei bod yn bwysig bod strategaeth yn ei lle fel sail ar gyfer gwaith partneriaeth. Mae'r ddwy elfen yn bwysig iawn yn ein rhaglenni ni. Mae'n rhaid cael strategaeth wedi'i datblygu a'i chytuno gan bartneriaid fel bod ganddynt fframwaith ar gyfer eu cynlluniau. Mae'n bwysig nad yw cynlluniau yn rhai unigol

[6] **Dafydd Wigley:** A oes unrhyw berygl y gall gweithio mewn partneriaeth arwain at gyfaddawdau a allai wedyn dynnu sylw oddi wrth ffocws strategol i'r rhaglenni hyn?

**Mr Clarke:** Mae perygl o'r fath, ond un peth nad ydym yn brin ohono yn Amcan 1 yw strategaethau ac un o'r pethau yr ydym yn ei wneud yw sicrhau y caiff yr holl strategaethau eu cyfunioni, yn y bôn, fel bo'r holl nodwyddau ar y gwahanol gwmpawdau yn pwyntio i'r un cyfeiriad. Dyna un o'r rhesymau pam y mae Dr Caroline Turner gyda ni, i'n helpu i sicrhau bod hynny'n digwydd.

[7] **Dafydd Wigley:** Do you have anything to add to that, Dr Turner?

**Dr Turner:** What I would say is that it is important that a strategy is in place as a basis for partnership working. Both elements are very important in our programmes. We must have a strategy that is developed and agreed upon by partners, so that they have a framework for their projects. It is important that projects are not individual ones that

sy'n gweithredu ar eu pen eu hunain. Rhaid iddynt weithio gyda chynlluniau eraill, boed o fewn ardal neu o fewn sector. Felly, mae'r lefel strategol, lle y gall cynlluniau gydgordio ac ychwanegu at ei gilydd, yn bwysig iawn. Mae'r ddwy elfen, sef partneriaeth a strategaeth, yn mynd gyda'i gilydd yn glòs iawn.

[8] **Dafydd Wigley:** A derbyn bod rhinweddau amlwg mewn partneriaethau, ac yr wyf yn sicr yn cydnabod hynny, a oeddem yn gweithio i batrwm a oedd yn rhy haearnaidd wrth geisio sicrhau bod y partneriaethau i gyd o'r un maint? Credaf y bu'r patrwm yn Lloegr dipyn bach yn fwy ystwyth yn hyn o beth; nid oeddent yn cadw at union yr un patrwm ar gyfer popeth. A fyddai mymryn o rwyddineb yn hyn o beth wedi'i gwneud yn haws i sefydlu partneriaethau?

**Mr Clarke:** Yes, I suppose it would. I am thinking, for example, of one particular aspect of the constitution of a partnership—gender balance. It has proved, in some cases, a little bit of a challenge to get the initial 60:40 split that the Programme Monitoring Committee was particularly keen on. Also, I think that one should say that the partnership arrangements and the processes that go

operate in isolation. They must work with other projects, be that within a local area or a sector. Therefore, the strategic level, where schemes can come together and add value to each other, is very important. Both these elements of strategy and partnership fit together very closely.

[8] **Dafydd Wigley:** Given that there are obvious benefits to partnerships, and I certainly recognise that, were we working to a pattern that was too rigid in trying to ensure that the partnerships were all of the same size? I think that the pattern in England was a little more flexible; they did not stick to exactly the same pattern for everything. Would some flexibility in this respect have made it easier to establish partnerships?

**Mr Clarke:** Byddai, yr wyf yn tybio. Yr wyf yn meddwl, er enghraifft, am un agwedd benodol ar gyfansoddiad partneriaeth— cydbwysedd rhwng y rhywiau. Profodd yn dipyn o her, mewn rhai achosion, i gael y rhaniad 60:40 dechreuol yr oedd y Pwyllgor Monitro Rhaglen yn arbennig o frwd drosto. Hefyd, credaf y dylid dweud nad yw'r trefniadau partneriaeth a'r prosesau sy'n

with them are not necessarily set in stone forever.

[9] **Dafydd Wigley:** Janet, do you have some questions?

[10] **Janet Davies:** Thank you, Dafydd. I turn to the local and regional action plans, as opposed to the strategy. It seems that one of the key issues that came out of the early stages of the programmes was some uncertainty about the respective coverage of the local and regional action plans and how to ensure consistency between them. Paragraph 3.24 of the report states that more work is underway to ensure that the strategies are consistent with each other. What progress has been made on this, and how do you expect to achieve this consistency, as it must be quite difficult to do?

**Mr Clarke:** I think it is fair to say that the local and regional strategies have now been accepted as the basis for the selection of projects. They are, or they should be, living documents, as with all strategies, and they will be subject to constant amendment and review. However, yes, you are quite right that, in the early days, there was some

cyd-fynd â hwy wedi'u gosod am byth o reidrwydd.

[9] **Dafydd Wigley:** Janet, a oes gennych gwestiynau?

[10] **Janet Davies:** Diolch, Dafydd. Trof at y cynlluniau gweithredu lleol a rhanbarthol, yn hytrach na'r strategaeth. Mae'n ymddangos mai un o'r materion allweddol a gododd yng nghyfnodau cynnar y rhaglenni oedd rhywfaint o ansicrwydd ynghylch priod feysydd y cynlluniau gweithredu lleol a rhanbarthol a sut i sicrhau cysondeb rhyngddynt. Noda paragraff 3.24 yr adroddiad bod rhagor o waith yn digwydd i sicrhau bod y strategaethau'n gyson â'i gilydd. Pa gynnydd a wnaed ar hyn, a sut yr ydych yn disgwyl sicrhau'r cysondeb hwn, gan fod hynny'n sicr o fod yn eithaf anodd?

**Mr Clarke:** Credaf mai teg yw dweud bod y strategaethau lleol a rhanbarthol wedi'u derbyn bellach yn sail ar gyfer dethol prosiectau. Maent, neu fe ddylent fod, yn ddogfennau byw, fel pob strategaeth, a byddant yn cael eu newid a'u hadolygu'n gyson. Fodd bynnag, yr ydych yn llygad eich lle wrth ddweud bod angen rhywfaint o gysoni

reconciliation to be done between them, but I would say that that has largely been achieved. Fundamentally, we achieved this by looking at projects on a case-by-case basis. I think that it is important to remember the history here: originally, the local and regional strategies were the foundation for accountable bodies and action planning, and all the delegations that went with it. However, as the report makes clear, the monitoring committee decided to drop what we could term full-dress accountable bodies and action planning and all the delegations that go with it, in favour of a process that involves local and regional strategies and local partnerships working together with us on projects and using the strategies to assess projects.

[11] **Janet Davies:** Do you think that sub-regional co-operation between the local partnerships is as effective as it could be?

**Mr Clarke:** I believe it is becoming more effective. We certainly think that it is a good idea. One of the things it does, of course, is help the capacity problems that there can be in smaller local authority areas. We know that north

rhyngddynt, yn y dyddiau cynnar, ond dywedwn fod hynny wedi'i gyflawni i raddau helaeth. Gwnaethom sicrhau hynny, yn y bôn, drwy edrych ar brosiectau fesul achos. Ond credaf ei bod yn bwysig cofio hanes hyn: yn wreiddiol, y strategaethau lleol a rhanbarthol oedd y sylfaen i'r cyrff atebol a chynllunio gweithredu, a'r holl ddirprwyo a oedd yn cyd-fynd â hynny. Fodd bynnag, fel yr eglura'r adroddiad, penderfynodd y pwyllgor monitro roi'r gorau i'r hyn y gallem ei alw'n gyrff atebol ffurfiol a chynllunio gweithredu a'r holl ddirprwyo sy'n cyd-fynd â hynny, a dewis proses sy'n golygu bod y strategaethau lleol a rhanbarthol a'r partneriaethau lleol yn cydweithio â ni ar brosiectau ac yn defnyddio'r strategaethau i asesu prosiectau.

[11] **Janet Davies:** A ydych yn credu bod y cydweithredu is-ranbarthol rhwng y partneriaethau lleol mor effeithiol ag y gallai fod?

**Mr Clarke:** Credaf ei fod yn dod yn fwy effeithiol. Credwn ei fod yn syniad da, yn sicr. Un o'r pethau y mae'n ei wneud, wrth gwrs, yw helpu i ddatrys y problemau o ran capasiti y gellir eu cael mewn ardaloedd awdurdod lleol llai.

Wales has made excellent progress in sub-regional working and we are now finding that this is repeated in other parts of Wales.

[12] **Dafydd Wigley:** May I ask one question before you go onto your next question, Janet? Am I right in understanding from the answer that you have just given, Mr Clarke, that you are only now achieving consistency between local and regional strategies, two and a half years after the programme was launched?

**Mr Clarke:** No, that is not quite what I said, Chair. We have been working on this for some considerable time. Caroline might be able to tell me precisely when the local strategies were agreed as the basis for project direction.

**Dr Turner:** We invited partnerships to develop local and regional strategies over a year ago now, and we went through quite a thorough process of appraising those, giving feedback, but also making sure that the strategy partnerships had a chance to look at all of them and compare

Gwyddom fod y Gogledd wedi gwneud cynnydd rhagorol ar weithio is-ranbarthol ac yr ydym yn canfod yn awr fod hynny'n digwydd mewn rhannau eraill o Gymru hefyd.

[12] **Dafydd Wigley:** A gaf ofyn un cwestiwn cyn ichi fynd ymlaen at eich cwestiwn nesaf, Janet? A wyf yn iawn wrth ddeall oddi wrth yr ateb yr ydych newydd ei roi, Mr Clarke, mai newydd sicrhau cysondeb yr ydych rhwng y strategaethau lleol a rhanbarthol, ddwy flynedd a hanner ar ôl lansio'r rhaglen?

**Mr Clarke:** Nac ydych, nid hynny a ddywedais yn hollol, Gadeirydd. Yr ydym yn gweithio ar hyn ers cryn amser. Efallai y bydd Caroline yn gallu dweud wrthyf ba bryd yn union y cytunwyd ar y strategaethau lleol fel y sail i gyfeirio prosiectau.

**Dr Turner:** Gwnaethom wahodd y partneriaethau i ddatblygu strategaethau lleol a rhanbarthol dros flwyddyn yn ôl, ac aethom drwy broses eithaf trwyadl o'u harfarnu, gan roi adborth, ond gan sicrhau hefyd fod cyfle gan bartneriaethau'r strategaethau i edrych ar bob un ohonynt



them to make sure that they were consistent, that there were not any overlaps, and to make sure that they provided a proper framework. They are reviewed on an annual basis and so the lessons from last year, which is when we went through the thorough appraisal of them, will be fed into the review taking place over the coming months. We have had a number of meetings with the local and the regional partners in that time to advise them on the contents and to review the strategies. We also had presentations to the Programme Monitoring Committee in January on all of the strategies and that gave an opportunity for the partners to see what other partnerships were doing. So it is an ongoing process.

[13] **Dafydd Wigley:** Sorry to interrupt you, Janet.

[14] **Janet Davies:** That is okay. You mentioned just now, Mr Clarke, that, in north Wales, the local partnerships are co-operating quite effectively, and that you are hoping that this will spread, or that it is spreading, to other areas. How confident are you that you will get effective working together in the other parts of Wales?

a'u cymharu i sicrhau eu bod yn gyson, nad oedd unrhyw orgyffwrdd, a'u bod yn darparu fframwaith priodol. Fe'u hadolygir bob blwyddyn felly bydd y gwersi o'r flwyddyn ddiwethaf, pan wnaethom eu harfarnu'n drwyadl, yn cael eu porthi i'r adolygiad a fydd yn digwydd dros y misoedd i ddod. Cawsom sawl cyfarfod â'r partneriaid lleol a rhanbarthol yn y cyfnod hwnnw i'w cynghori ynghylch y cynnwys ac i adolygu'r strategaethau. Cawsom gyflwyniadau hefyd i'r Pwyllgor Monitro Rhaglen yn Ionawr ar yr holl strategaethau ac yr oedd hynny'n gyfle i'r partneriaid weld beth yr oedd y partneriaethau eraill yn ei wneud. Felly mae'n broses barhaus.

[13] **Dafydd Wigley:** Mae'n ddrwg gennyf am dorri ar eich traws, Janet.

[14] **Janet Davies:** Mae hynny'n iawn. Yr ydych newydd ddweud, Mr Clarke, fod y partneriaethau lleol yn y Gogledd yn cydweithredu'n eithaf effeithiol, a'ch bod yn gobeithio ei fod neu y bydd hyn yn ymledu i ardaloedd eraill. Pa mor ffyddiog yr ydych y cewch gydweithio effeithiol yn y rhannau eraill o Gymru?

**Mr Clarke:** We are seeing evidence of it already. I would cite, for example, the five counties regeneration strategy in the south-east, which has flowed from the Corus situation.

**Mr Clarke:** Yr ydym yn gweld prawf o hynny eisoes. Cyfeiriaf, er enghraifft, at strategaeth adfywio'r pum sir yn y Ddeddwyrain, sydd wedi deillio o sefyllfa Corus.

[15] **Janet Davies:** You have resisted the pressure to allocate funds on a geographical basis, except for community regeneration activity. Given the size and diversity of the Objective 1 area, how do you intend to cope with the balancing act of ensuring that the potential benefits of the programmes are maximised while also ensuring that those areas in greatest need receive an appropriate share of benefits?

[15] **Janet Davies:** Yr ydych wedi gwrthsefyll y pwysau i ddyrannu arian ar sail daearyddol, heblaw am weithgarwch adfywio cymunedol. O ystyried maint ac amrywiaeth ardal Amcan 1, sut yr ydych yn bwriadu ymdopi â dal y ddysgl yn wastad rhwng sicrhau'r budd mwyaf posibl o'r rhaglenni a sicrhau bod yr ardaloedd mwyaf anghenus yn derbyn cyfran briodol o'r buddion?

**Mr Clarke:** Certainly, we have not carved up the entire Objective 1 pot of money and allocated it spatially, and I believe that no other Objective 1 region has done that either, but that does not mean to say that we do not give indicative allocations by geographic area. Almost the whole of priority 3, which is over £100 million, is divided up in that way and a number of other measures in other priorities are similarly spatially targeted. Similarly, we will be analysing the benefits and outcomes, on a spatial basis, with our new computer software so

**Mr Clarke:** Yn sicr, nid ydym wedi rhannu'r cyfan o bot arian Amcan 1 a'i ddyrannu'n ofodol, a chredaf nad oes yr un rhanbarth Amcan 1 arall wedi gwneud hynny ychwaith, ond nid yw hynny'n golygu nad ydym yn rhoi dyraniadau dynodol fesul ardal. Mae bron y cwbl o flaenoriaeth 3, sydd dros £100 miliwn, yn cael ei rannu felly ac, yn yr un modd, caiff nifer o fesurau eraill mewn blaenoriaethau eraill eu targedu'n ofodol. Yn yr un modd, byddwn yn dadansoddi'r buddion a'r canlyniadau yn ofodol â'n meddalwedd cyfrifiadurol newydd fel ein

that we will be able to spot if any particular geographic areas are not getting their share of the benefits.

bod yn gallu sylwi os oes unrhyw ardaloedd nad ydynt yn cael eu cyfran deg o'r buddion.

[16] **Janet Davies:** That is a matter of serious concern. Some areas always seem to get left out, do they not?

[16] **Janet Davies:** Mae hyn yn fater sy'n peri pryder difrifol. Mae'n ymddangos bod rhai ardaloedd yn cael eu gadael allan drwy'r amser, onid yw?

**Mr Clarke:** We do appreciate that it is a matter of serious concern and it is, for example, constantly raised with us by the monitoring committee and also by the Economic Development Committee. We are very alert to that.

**Mr Clarke:** Yr ydym yn sylweddoli ei fod yn fater sy'n peri pryder difrifol ac fe'i codir yn gyson â ni gan y pwyllgor monitro, er enghraifft, a hefyd gan y Pwyllgor Datblygu Economaidd. Yr ydym yn effro iawn i hynny.

[17] **Janet Davies:** If we turn now to WEFO's role in the management of the structural funds, it is clear from risk 1 that staff shortfalls have adversely affected your ability to carry out the full range of your work. Can you tell me how many posts are currently vacant and what effect those vacancies are having on WEFO's ability to deliver, in full, the services it wants to provide?

[17] **Janet Davies:** Os trown yn awr at rôl WEFO wrth gadw trefn ar y cronfeydd strwythurol, mae'n amlwg o risg 1 fod prinder staff wedi amharu ar eich gallu i gyflawni holl amrediad eich gwaith. A allwch ddweud wrthyf faint o swyddi sy'n wag ar hyn o bryd a pha effaith a gaiff y swyddi gwag hynny ar allu WEFO i weithredu'n llawn y gwasanaethau y mae'n dymuno eu darparu?

**Mr Clarke:** First, can I say that I do welcome the National Audit Office's statement that WEFO has done well in

**Mr Clarke:** Yn gyntaf, hoffwn ddweud fy mod yn croesawu datganiad y Swyddfa Archwilio Genedlaethol bod WEFO wedi

getting the programmes going while building the organisation. I think that staff shortages in the early days are almost inevitable when you have an industry—if you want to term the structural funds as an industry—which has tripled in size virtually overnight. You are inevitably going to get some staff shortages. At the moment, we have a complement—a basic requirement—of 180 staff and, as of today, I have 157 people in post. That is a 12.5 per cent deficit, and it is not unusual for any organisation to have that level of vacancies. There is no systemic problem here—no serious systemic problem; these are just the fortunes of war, in that people find other jobs, get promoted, and move on. WEFO is over two years old now, and we are reaching a stage where some of our staff will want to move on for career progression purposes, so a lot of it is natural. However, yes, we do have a few skill shortages; we have found it very hard, for example, to recruit accountants, but we are covering that through contracts and temporary secondments and all sorts of things. The vacancies that we do have are very well spread across the organisation. We operate, as you know, from five locations. The vacancies are a nuisance, but they are not holding up production. I check regularly, and we do not have a pile of unprocessed

gwneud yn dda o ran cychwyn y rhaglenni tra oedd yn creu'r gyfundrefn. Credaf fod prinder staff yn y dyddiau cynnar yn anorfod bron pan fo gennyh ddiwydiant—os ydych am alw'r cronfeydd strwythurol yn ddiwydiant—sydd wedi treblu yn ei faint dros nos bron. Mae'n anochel y cewch ryw faint o brinder staff. Ar hyn o bryd, mae gennym gyflenwad staff—gofyniad sylfaenol—o 180 ac, fel y mae heddiw, mae gennyf 157 o bobl mewn swyddi. Mae hynny'n ddiffyg o 12.5 y cant, ac nid yw'n anarferol i unrhyw gorff fod â chyfran swyddi gwag o'r fath. Nid oes problem systemig yn hyn o beth—dim problem systemig ddifrifol; ffawd rhyfel ydyw hyn, i'r graddau bod pobl yn dod o hyd i swyddi eraill, yn cael dyrchafiad, ac yn symud ymlaen. Mae WEFO yn fwy na dwyflwydd oed bellach, ac yr ydym yn cyrraedd cyfnod pan fydd rhai o'n staff yn dymuno symud ymlaen er mwyn hyrwyddo eu gyrfa, felly mae llawer ohono'n naturiol. Er hynny, yr ydym yn brin o rai sgiliau; fe'i cawsom yn anodd recriwtio cyfrifwyr, er enghraifft, ond yr ydym yn gofalu am hynny drwy gontractau a secondiadau dros dro a phob math o bethau. Mae'r swyddi gwag sydd gennym wedi'u rhannu'n gyfartal ar draws y corff. Yr ydym yn gweithredu, fel y gwyddoch, o bum lleoliad. Mae'r swyddi gwag yn niwsans, ond nid ydynt

applications sitting there, everything is being worked on. If I may, Chair, I would like to pay tribute to my staff, particularly the core staff who started in WEFO. They have had a tremendous burden to bear, and we have achieved what we have achieved through very hard work, if I may be so bold as to say so.

[18] **Janet Davies:** I am sure that every member of the Committee fully appreciates the fact that the staff have had a difficult job, and that you have been understaffed. You started up in April 2000 and, as far as I can remember, it was just over a year earlier when we knew that we were getting the Objective 1 status and moneys. Do you think that there was any slowness in realising how many skilled staff you would need? I realise that this is not perhaps a question that you can answer, but I am flagging it up nevertheless.

**Mr Clarke:** I will endeavour to answer it. I do have every sympathy with those, as it were, who went before me because—this goes back, I guess, to the answer I gave to the Chair right at the

yn atal cynhyrchu. Yr wyf yn gwirio'n rheolaidd, ac nid oes gennym bentwr o geisiadau sydd heb eu prosesu; mae popeth yn derbyn sylw. Os caf, Gadeirydd, hoffwn dalu teyrnged i'm staff, yn enwedig y staff craidd a ddechreuodd yn WEFO. Buont yn dwyn baich aruthrol, ac yr ydym wedi cyflawni'r hyn a wnaethom drwy waith caled iawn, os caf fod mor hyf â dweud hynny.

[18] **Janet Davies:** Yr wyf yn sicr bod pob aelod o'r Pwyllgor yn llawn werthfawrogi'r ffaith bod eich staff wedi cael gwaith anodd, ac na fuoch â digon o staff. Gwnaethoch ddechrau yn Ebrill 2000 a, hyd y cofiaf fi, ychydig dros flwyddyn cyn hynny y cawsom wybod ein bod yn cael statws ac arian Amcan 1. A ydych yn credu bod unrhyw arafwch wrth sylweddoli faint o staff medrus y byddai arnoch eu hangen? Sylweddolaf nad yw hyn yn gwestiwn y gallwch ei ateb, o bosibl, ond yr wyf yn ei godi, er hynny.

**Mr Clarke:** Ymdrechaf i'w ateb. Mae gennyf bob cydymdeimlad â'r rhai a aeth o'm blaen, fel petae, oherwydd—ac mae hyn yn gysylltiedig, dybiwn i, â'r ateb a roddais i'r Cadeirydd ar y dechrau'n

start—until you have identified the size of your programme and the way in which you are going to implement it, it is very difficult to identify precisely the numbers of staff required. It is a chicken and egg situation. Until you have sorted out how your local and regional partnerships will interface, how the process will run and the sort of skills that the measures in the single programming document require—until you have signed it off with Europe and then done the process engineering work—you cannot be precise about the numbers of staff you require. It is very difficult. You know the core requirement, and we started with the core requirement of about 120.

[19] **Janet Davies:** There is the issue of not wanting to reinvent the wheel, is there not? There must be quite a lot of experience throughout the European Union on these sorts of problems. Is there any—I hope that I am not pinching anyone else's questions—sharing out of information and knowledge about the difficulties of starting up or increasing capacity?

**Mr Clarke:** There is a lot of dialogue at official level, but one thing that strikes us all is that the shape of your

deg—hyd nes yr ydych wedi canfod maint eich rhaglen a'r modd y byddwch yn ei gweithredu, mae'n anodd iawn nodi'r union niferoedd o staff sydd eu hangen. Sefyllfa'r wy a'r iâr ydyw. Hyd nes yr ydych wedi datrys sut y bydd eich partneriaethau lleol a rhanbarthol yn rhyngwynebu, sut y bydd y broses yn rhedeg a'r math o sgiliau y mae'r mesurau yn y ddogfen raglennu sengl yn galw amdanynt—hyd nes yr ydych wedi cytuno arni ag Ewrop ac adeiladu'r broses wedyn—ni allwch wybod yn union y nifer o staff y mae arnoch eu hangen. Mae'n anodd iawn. Yr ydych yn gwybod y gofyniad craidd, a dechreuasom â gofyniad craidd o tua 120.

[19] **Janet Davies:** Mae mater o beidio â bod eisiau ailddyfeisio'r olwyn, onid oes? Rhaid bod cryn dipyn o brofiad ledled yr Undeb Ewropeaidd o broblemau o'r fath. A oes unrhyw rannu gwybodaeth a hysbysrwydd yn digwydd—gobeithiaf nad wyf yn dwyn cwestiynau neb arall—am yr anawsterau wrth ddechrau neu gynyddu gallu?

**Mr Clarke:** Mae llawer o ddeialog ar y lefel swyddogol, ond un peth sy'n ein taro ni i gyd yw bod ffurf trefniadaeth

implementation organisation stems very much from the governmental and administrative framework within which you are operating. There is nothing quite like Wales out there for us to copy.

[20] **Dafydd Wigley:** Janice, do you want to come in on this?

[21] **Janice Gregory:** Yes, thank you, Chair. I will take you back, Mr Clarke, to the reply you gave to, I think, Janet's second question. I am interested to know, if you can tell me, when you have identified the areas of greatest need—where there are coldspots or areas that are underperforming—what mechanisms you have to get into those particular areas and to ensure that WEFO addresses whatever problems they are facing. What assistance is there from WEFO to partnerships or whatever to ensure that they can apply as other areas do?

**Mr Clarke:** It is important to recognise that WEFO itself is the financier and does not actually go out and lay the bricks and run the courses and so on. So, if you like, WEFO operates in the role of honest broker. We do our best to transmit best

gweithredu rhywun yn deillio i raddau helaeth o'r fframwaith llywodraethol a gweinyddol y mae rhywun yn gweithredu ynddo. Nid oes dim sy'n gwbl debyg i Gymru yn unman inni ei efelychu.

[20] **Dafydd Wigley:** Janice, a ydych am ddweud rhywbeth ar hyn?

[21] **Janice Gregory:** Ydwyf, diolch, Gadeirydd. Af â chi'n ôl, Mr Clarke, at eich ateb i ail gwestiwn Janet, yr wyf yn credu. Mae o ddiddordeb imi wybod, os gallwch ddweud wrthyf, pan ydych wedi canfod yr ardaloedd mwyaf anghenus—lle y mae mannau oer neu ardaloedd sy'n tanberfformio—pa fecanweithiau sydd gennych i fynd i'r ardaloedd penodol hynny a sicrhau bod WEFO yn ymdrin â pha bynnag broblemau y maent yn eu hwynebu. Pa gymorth sydd ar gael gan WEFO i'r partneriaethau, neu beth bynnag, i sicrhau eu bod yn gallu ymgeisio fel y mae ardaloedd eraill?

**Mr Clarke:** Mae'n bwysig sylweddoli mai WEFO ei hun yw'r cyllidwr ac nad yw'n mynd allan ac yn gosod y brics ac yn rhedeg y cyrsiau ac yn y blaen. Felly, os caf ei roi felly, mae WEFO yn gweithredu fel cyfryngwr. Gwnawn ein

practice. There are many fora, as Caroline has mentioned, where we bring partnership secretariats at official level together so that they can talk to each other, discuss their problems and share best practice. Similarly, at the more strategic level, strategy partnerships can again help us because they share our goal in ensuring, fundamentally, that the objectives laid down in the SPD are achieved. Those objectives include, as you know, spreading the benefits across Wales, as well as achieving 43,500 new jobs—inherent in that is the need to get it well spread.

[22] **Janice Gregory:** May I ask one other brief question, Chair? We understand your role in the Objective 1 process, but we are keen not to compartmentalise things so that areas, like the one which I represent, are pigeonholed because of bureaucracy. If you have identified an area of concern to you, I assume that that information is disseminated to the people who need to know it. A straight ‘yes’ or ‘no’ on that would be fine.

**Mr Clarke:** Yes.

gorau i drosglwyddo'r arfer gorau. Mae llawer o fforymau, fel y dywedodd Caroline, lle'r ydym yn dod ag ysgrifenyddiaethau'r partneriaethau at ei gilydd ar lefel y swyddogion fel y gallant siarad â'i gilydd, trafod eu problemau a rhannu'r arfer gorau. Yn yr un modd, ar lefel fwy strategol, gall y partneriaethau strategaeth ein helpu eto gan eu bod yn rhannu ein nod, yn y bôn, o sicrhau gwireddu'r amcanion a nodir yn y Ddogfen Raglennu Sengl. Ymhlith yr amcanion hynny, fel y gwyddoch, y mae lledaenu'r buddion ledled Cymru, yn ogystal â sicrhau 43,500 o swyddi newydd—mae'r angen i'w ledaenu'n dda ymhlyg yn hynny.

[22] **Janice Gregory:** A gaf ofyn un cwestiwn byr arall, Gadeirydd? Yr ydym yn deall eich rôl yn y broses Amcan 1, ond yr ydym yn awyddus i beidio ag adrannu pethau fel na chaiff ardaloedd, fel yr un a gynrychiolaf fi, eu rhoi o'r neilltu oherwydd biwrocraiaeth. Os ydych wedi canfod ardal sy'n peri pryder i chi, cymeraf y bydd y wybodaeth honno'n cael ei lledaenu i'r rhai y mae arnynt angen ei gwybod. Byddai 'bydd' neu 'na fydd' syml yn iawn ar hynny.

**Mr Clarke:** Bydd.



[23] **Dafydd Wigley:** Alun, do you want to ask a quick question before Alison comes in?

[23] **Dafydd Wigley:** Alun, a ydych am ofyn cwestiwn sydyn cyn i Alison ddod i mewn?

[24] **Alun Cairns:** Yes, Cadeirydd. Briefly, Mr Clarke, in your answer to Janet Davies when you were discussing staffing resources, you stated,

[24] **Alun Cairns:** Ydwyf, Gadeirydd. Yn fyr, Mr Clarke, yn eich ateb i Janet Davies pan oeddech yn trafod adnoddau staffio, dywedasoch,

‘we have achieved what we have achieved through very hard work’.

‘yr ydym wedi cyflawni’r hyn a wnaethom drwy waith caled iawn’.

In response to Janice Gregory, you mentioned the benefit of strategy partnerships and so on. I want to take you back and couple my question with the one that was asked about what you have learnt and could have done differently. You were set up in April and the strategy partnership recommendation did not come from the Assembly until the task and finish group’s document was published in November. That was not implemented until January—almost 12 months after you were established. What impact did that delay have?

Mewn ymateb i Janice Gregory, gwnaethoch sôn am fudd y partneriaethau strategaeth ac yn y blaen. Yr wyf am fynd â chi’n ôl a chyplysu fy nghwestiwn i â’r un am yr hyn a ddysgasoch ac y gallech fod wedi’i wneud yn wahanol. Cawsoch eich sefydlu yn Ebrill ac ni ddaeth yr argymhelliad am bartneriaethau strategaeth o’r Cynulliad nes cyhoeddi adroddiad y grwp gorchwyl a gorffen yn Nhachwedd. Ni roddwyd hynny ar waith tan Ionawr—bron 12 mis ar ôl eich sefydlu. Pa effaith a gafodd yr oedi hwnnw?

**Mr Clarke:** Strategy partnerships have a big role to play in helping us to assess

**Mr Clarke:** Mae rôl fawr i’r partneriaethau strategaeth wrth ein helpu i

projects. Under the old programmes before 2000, that role went to special working groups—I think that was the terminology. So I think that it is fair to say that we probably missed that expertise for a period of a few months pending the setting up of the strategy partnerships.

[25] **Alun Cairns:** So the answer that you gave a moment ago, stating that you would not change very much, was not fully accurate, because you would have liked to have had the strategy partnerships in place much earlier?

**Mr Clarke:** If we had thought of strategy partnerships earlier, then, yes, we would have instituted them. I think that, before they arrived on the scene, we were thinking in terms of special working groups, but, of course, the other point to bear in mind is that, as I said, we were planning to have accountable bodies. The original plan was that each accountable body would have had its own functional equivalent of the strategy partnership. Once we decided to drop those, we had to put something else in their place.

asesu prosiectau. O dan yr hen raglenni cyn 2000, yr oedd y rôl honno gan y gweithgorau arbennig—credaf mai hwnnw oedd y term. Felly yr wyf yn credu ei bod yn deg dweud inni fod heb yr arbenigedd hwnnw am gyfnod o ychydig fisoedd wrth ddisgwyl sefydlu'r partneriaethau strategaeth.

[25] **Alun Cairns:** Felly nid oedd yr ateb a roesoch funud yn ôl, na fyddech wedi newid llawer iawn o bethau, yn un cwbl gywir, gan y byddech wedi hoffi cael y partneriaethau strategaeth ar waith yn gynharach o lawer?

**Mr Clarke:** Pe byddem wedi meddwl am bartneriaethau strategaeth yn gynharach, wedyn, byddem, byddem wedi eu sefydlu. Cyn iddynt ddod i'r golwg, credaf ein bod yn meddwl am weithgorau arbennig, ond, wrth gwrs, y pwynt arall i'w gofio, fel y dywedais, yw ein bod yn bwriadu cael cyrff atebol. Y bwriad gwreiddiol oedd y byddai gan bob corff atebol gorff gweithredol a fyddai'n cyfateb i'r bartneriaeth strategaeth. Wedi inni benderfynu rhoi'r gorau iddynt, yr oedd yn rhaid inni roi rhywbeth arall yn eu lle.

[26] **Alun Cairns:** So you would have changed it and would have had strategy partnerships from the outset?

[26] **Alun Cairns:** Felly byddech wedi'i newid ac wedi cael partneriaethau strategaeth o'r dechrau?

[27] **Dafydd Wigley:** Presumably so, if you follow the logic of the situation, because you are not going back to the original accountable bodies, are you?

[27] **Dafydd Wigley:** Gellid tybio hynny, os dilynwch resymeg y sefyllfa, oherwydd nid ydych yn mynd yn ôl at y cyrff atebol gwreiddiol, ydych chi?

**Mr Clarke:** No.

**Mr Clarke:** Nac ydym.

[28] **Dafydd Wigley:** So the point is made. Hindsight is a great thing; there is no doubt that we can learn from it.

[28] **Dafydd Wigley:** Felly mae'r pwynt wedi'i wneud. Mae synnwyr trannoeth yn beth gwych; nid oes dwywaith na allwn ddysgu oddi wrtho.

**Mr Clarke:** Yes, I accept that, Chair.

**Mr Clarke:** Ie, derbynïaf hynny, Gadeirydd.

[29] **Dafydd Wigley:** Alison, you have some questions.

[29] **Dafydd Wigley:** Alison, mae gennyh chi gwestiynau.

[30] **Alison Halford:** Thank you, Chair. My main questions are about information technology, but before I ask them, we have already expressed that hindsight is a very exact science and that there is no need to reinvent the wheel, but, as a senior civil servant, are you telling the

[30] **Alison Halford:** Diolch, Gadeirydd. Mae'r prif gwestiynau sydd gennyf yn ymwneud â thechnoleg gwybodaeth, ond cyn imi eu gofyn, yr ydym eisoes wedi dweud bod synnwyr trannoeth yn wyddor fanwl gywir ac nad oes angen ailddyfeisio'r olwyn, ond, fel uwch was

Committee that nothing was learnt about how to handle structural funds, what was required, the staffing levels needed or whatever? Have you not learnt anything about that, notwithstanding the fact that you have had the benefit of the experiences of Ireland, Merseyside, south Yorkshire and so on? It seems to me that money comes from Europe and that you are suddenly on your bicycles pedalling furiously, trying to catch up with this wonderful pot of money. As a senior civil servant, surely there must be better links between Europe, the release of the money and your ability to start kicking it into where it needs to go?

**Mr Clarke:** There are two points there. Yes, an enormous amount has been learnt over the years on the operation of structural funds. Before WEFO arrived on the scene, I am sure—although I was not around at that time—that a lot of that experience was injected into the initial design work of WEFO and the operation of structural funds. Since we got moving, yes, we have learnt an enormous amount and we talk to our colleagues in other Objective 1 regions about it, and they to us. In terms of getting things moving, as you know, the programme started very fast indeed. We started with the fast track in June, even before the SPD was

sifil, a ydych yn dweud wrth y Pwyllgor na ddysgwyd dim am y modd i drafod y cronfeydd strwythurol, am yr hyn a oedd yn ofynnol, niferoedd y staff yr oedd eu hangen neu beth bynnag? Onid ydych wedi dysgu dim am hynny, er eich bod wedi gallu elwa ar brofiadau Iwerddon, Glannau Mersi, de swydd Efrog ac yn y blaen? Mae'n ymddangos i mi fod yr arian yn dod o Ewrop a'ch bod chi'n fwyaf sydyn ar eich beiciau'n pedlo'n wyllt, yn ceisio dal y pot arian rhyfeddol hwn. Fel uwch was sifil, siawns nad oes gwell cysylltiadau rhwng Ewrop, rhyddhau'r arian a'ch gallu i ddechrau'i gicio i'r manau y mae angen iddo fynd?

**Mr Clarke:** Mae dau bwynt yn y fan honno. Do, dysgwyd llawer iawn dros y blynyddoedd am weithrediad y cronfeydd strwythurol. Cyn dyddiau WEFO, yr wyf yn sicr—er nad oeddwn o gwmpas ar y pryd—fod llawer o'r profiad hwnnw wedi'i chwistrellu i waith cynllunio cychwynnol WEFO a gweithrediad y cronfeydd strwythurol. Ers inni gychwyn, ydym, yr ydym wedi dysgu llawer iawn ac yr ydym yn siarad â'n cydweithwyr yn y rhanbarthau Amcan 1 amdano, a hwythau â ni. O ran rhoi cychwyn i bethau, fel y gwyddoch, dechreuodd y rhaglen yn gyflym iawn. Dechreuasom â'r trac cyflym ym Mehefin, cyn

complete, and then moved into what was called the September round, which gave us a massive influx of projects in September 2000. So, we got pedalling very fast indeed; we were out of the starting gate very fast.

[31] **Alison Halford:** Should not Europe be a little bit more supportive? Should it not have a roving helpdesk or something to help a country blessed with this very large amount of cash?

**Mr Clarke:** I think that it is aware of that. Obviously we have close relations with colleagues in the European Commission. We talk to them a lot. I think that there is a feeling in Brussels that there is a need for simplification. That is currently being looked at, or is beginning to be looked at, at what is called member state level.

[32] **Alison Halford:** I will focus on risk 2. The report directs you to paragraphs 4.6 to 4.11 on the IT system inherited by you and your plans to improve them. Could you tell us quickly how you acquired the systems that you now have?

cwblhau'r ddogfen raglennu sengl hyd yn oed, a symud ymlaen wedyn at yr hyn a elwid yn gylch Medi, a ddaeth â llif enfawr o brosiectau ym Medi 2000. Felly, dechreuasom bedlo'n gyflym dros ben; gadawsom y giât gychwyn yn gyflym iawn.

[31] **Alison Halford:** Oni ddylai Ewrop fod ychydig bach yn fwy cefnogol? Oni ddylai fod â chymhorthfa deithiol neu rywbeth i helpu gwlad sydd wedi'i breintio â'r fath swm mawr o arian?

**Mr Clarke:** Credaf ei bod yn ymwybodol o hynny. Wrth gwrs, mae gennym gysylltiadau agos â'n cydweithwyr yn y Comisiwn Ewropeaidd. Yr ydym yn siarad llawer â hwy. Credaf fod teimlad ym Mrwsel fod angen symleiddio. Mae hynny dan sylw ar hyn o bryd, neu'n dechrau cael sylw, ar yr hyn a elwir yn lefel yr aelod wladwriaethau.

[32] **Alison Halford:** Canolbwyntiaf ar risg 2. Mae'r adroddiad yn eich cyfeirio i baragraffau 4.6 i 4.11 ar y system TG y gwnaethoch ei hetifeddu a'ch cynlluniau i'w gwella. A allech ddweud wrthym yn gyflym sut y cawsoch y systemau sydd

Is it not a matter of concern that a lot of money has been spent on them and that there are still—I think that it is true to say—major shortcomings in your IT system?

**Mr Clarke:** We basically inherited two systems—one from the predecessor organisation, the Welsh European Programme Executive Ltd, which was essentially a system that analysed approvals but did not pay out the cash. From the former Welsh Office, we inherited the payments system. The two systems did not sit well together. They did not need to in the past because WEPE and the Welsh Office were two separate organisations. Furthermore, they did not have the capacity to handle the size of the programmes in the 2000-06 portfolio. So we set about designing a new integrated system as soon as we were in post. That has been one of Phil Gray's major responsibilities. We have not spent vast oceans of money on this, I hasten to add. Phil has the precise figure, but I think that the development of this software system has cost—if I may bring Phil in?

**Mr Gray:** Eighty-five thousand pounds.

gennyh yn awr? Onid yw'n destun pryder bod llawer o arian wedi'i wario arnynt a bod diffygion mawr o hyd—yr wyf yn credu ei bod yn gywir dweud hynny—yn eich system TG?

**Mr Clarke:** Gwnaethom etifeddu dwy system yn y bôn—un gan y corff a'n rhagflaenodd, Gweithrediaeth Rhaglenni Ewropeaidd Cymru Cyf, a oedd yn ei hanfod yn system a ddadansoddai'r ceisiadau a gymeradwywyd ond na thalai'r arian. Gan y gyn Swyddfa Gymreig, gwnaethom etifeddu'r system daliadau. Nid oedd y ddwy system yn cyd-fynd yn dda. Nid oedd angen iddynt wneud yn y gorffennol gan fod y weithrediaeth a'r Swyddfa Gymreig yn ddau gorff ar wahân. At hynny, nid oedd ganddynt ddigon o gapasiti i drafod maint y rhaglenni ym mhortffolio 2000-06. Felly aethom ati i gynllunio system integredig newydd cyn gynted ag yr oeddem yn ein swyddi. Dyna fu un o gyfrifoldebau mawr Phil Gray. Nid ydym wedi gwario tomennydd o arian ar hyn, brysiat i ychwanegu. Mae'r union ffigur gan Phil, ond credaf fod datblygu'r system meddalwedd wedi costio—os caf ddod â Phil i mewn?

**Mr Gray:** Pedwar ugain a phump o

filoedd o bunnoedd.

[33] **Alison Halford:** Is this the interim solution or the one that will not come on-stream until at least 2004?

[33] **Alison Halford:** Ai hwn yw'r ateb dros dro neu'r un na fydd yn weithredol tan o leiaf 2004?

**Mr Clarke:** May I ask Phil to answer that question?

**Mr Clarke:** A gaf ofyn i Phil ateb y cwestiwn hwnnw?

[34] **Alison Halford:** Yes, we are all quite cosy around here; please muck in.

[34] **Alison Halford:** Cewch, yr ydym i gyd yn eithaf cartrefol yma; bwriwch iddi, os gwelwch yn dda.

**Mr Gray:** What we are currently doing is producing an integrated system that will enable us to manage, appraise and pay for the European regional development fund, the European agriculture guidance and guarantee fund and the financial instrument for fisheries guidance. That is the first stage. We are coming towards the end of that stage now and we are in the middle of the testing phase to ensure that it works properly. That will provide us with cradle to grave for those funds. At the moment, the European social fund is handled for us on an English system because ESF was only transferred to the Assembly last year. Sometime next year, we hope to bring the English system, or a copy of it, in-house and integrate it with

**Mr Gray:** Ar hyn o bryd yr ydym yn cynhyrchu system integredig a fydd yn ein galluogi i reoli, arfarnu a thalu am gronfa datblygu rhanbarthol Ewrop, cronfa cyfarwyddo a gwarantu amaethyddiaeth Ewrop a'r offeryn ariannol cyfarwyddyd pysgodfeydd. Dyna'r cyfnod cyntaf. Yr ydym yn dod at ddiwedd y cyfnod hwnnw'n awr ac yr ydym ar ganol y cam profi i sicrhau ei bod yn gweithio'n iawn. Bydd hynny'n ein galluogi i drin y cronfeydd o'r dechrau i'r diwedd. Ar hyn o bryd, trafodir cronfa gymdeithasol Ewrop ar ein rhan ar system Seisnig gan na throsglwyddwyd ESF i'r Cynulliad tan y llynedd. Rywbryd y flwyddyn nesaf, yr ydym yn gobeithio sefydlu'r system

the other three funds. By the middle of next year, therefore, we would expect to have a project approval, programme management and appraisal, and payment system for all four funds. So, to that extent, that will be integrated at that point. In the meantime we have a separate management information system which, in a couple of months' time, will start to provide us with a detailed, integrated level of management information. 2004 is when we would like to be able to move that to the final stage, which would be web enablement, which would enable our customers to use the internet to make applications and to make payment claims. That is still fairly aspirational at the moment and, to some extent, it depends upon progress in e-government in general, as we must obviously fit within the overall framework for that type of work.

[35] **Alison Halford:** Could you explain that? Can you say that again?

**Mr Gray:** In terms of fitting in with the wider framework?

[36] **Alison Halford:** Yes. The report

Seisnig, neu gopi ohoni, yn fewnol a'i hintegreiddio â'r tair cronfa arall. Erbyn canol y flwyddyn nesaf, felly, yr ydym yn disgwyl y bydd gennym system a fydd yn cymeradwyo prosiectau, yn rheoli ac yn arfarnu'r rhaglenni, ac yn gwneud taliadau ar gyfer y pedair cronfa. Felly, i'r graddau hynny, bydd hynny'n integredig bryd hynny. Yn y cyfamser, mae gennym system gwybodaeth am reoli ar wahân a fydd, ymhen ychydig fisoedd, yn dechrau darparu gwybodaeth fanwl ac integredig am reoli ar ein cyfer. Yn 2004 yr hoffem allu symud hynny i'r cam terfynol, sef ei rhoi ar waith ar y we, a byddai hynny'n galluogi ein cwsmeriaid i ddefnyddio'r rhyngrwyd i wneud ceisiadau a hawliadau am dâl. Uchelgais yw hynny o hyd ar hyn o bryd ac mae'n dibynnu, i ryw raddau, ar y cynnydd ar e-lywodraeth yn gyffredinol, gan fod rhaid inni gydymffurfio â fframwaith cyffredinol y math hwnnw o waith, yn amlwg.

[35] **Alison Halford:** A allech egluro hynny? A allwch ddweud hynny eto?

**Mr Gray:** Ynghylch cydymffurfio â'r fframwaith ehangach?

[36] **Alison Halford:** Ie. Mae'r adroddiad



says that we must wait until at least 2004. We know all about the dreadful slippage of various computer systems throughout government. I think that you are saying that this will not even be on target unless the Government of Wales comes up with certain e-band structures and provision.

**Mr Gray:** That is correct. The report confirms that the fully integrated and web-enabled system will not be available until 2004. We will have fully integrated systems by the middle of next year. What we will not have is that very last stage to enable the customer to use the internet to make applications and to make payment claims. That process is part of a wider Government initiative to enable the citizen to interact with the Government and be able to make tax applications, for example, online and so on. So we must fit in with that structure. However, that is not in any way inhibiting the way in which we manage the funds. It is just that last little bit of extra support to the customer, which we would like to provide, but we need to ensure that it is part of the wider programme.

[37] **Alison Halford:** And if you do not

yn dweud bod yn rhaid inni ddisgwyl tan 2004 o leiaf. Fe wyddom am lithriant ofnadwy y gwahanol systemau cyfrifiadurol drwy lywodraeth. Yr wyf yn meddwl eich bod yn dweud na fydd hyn yn cael ei gwblhau mewn pryd oni bai bod Llywodraeth Cymru'n cynnig strwythurau a darpariaeth e-fand penodol.

**Mr Gray:** Mae hynny'n gywir. Mae'r adroddiad yn cadarnhau na fydd y system gwbl integredig a gweithredol ar y we ar gael tan 2004. Bydd gennym systemau cwbl integredig erbyn canol y flwyddyn nesaf. Yr hyn na fydd gennym yw'r cam olaf un hwnnw i alluogi'r cwsmer i ddefnyddio'r rhyngrwyd i wneud ceisiadau a hawliadau tâl. Mae'r broses honno'n rhan o fenter ehangach gan y Llywodraeth i alluogi'r dinesydd i ryngweithio â'r Llywodraeth ac i allu gwneud ceisiadau treth, er enghraifft, arlein ac yn y blaen. Felly rhaid inni gydymffurfio â'r strwythur hwnnw. Fodd bynnag, nid yw hynny'n cyfyngu o gwbl ar y modd yr ydym yn rheoli'r cronfeydd. Nid yw ond yn ychydig bach o gymorth ychwanegol i'r cwsmer, y carem ei ddarparu, ond rhaid inni sicrhau ei fod yn rhan o'r rhaglen ehangach.

[37] **Alison Halford:** Ac os na wnewch

achieve that—if the Government does not come up with the funds or there is some glitch or whatever—and the 2004 target is not reached, what does that mean?

**Mr Gray:** It is not a significant issue.

[38] **Alison Halford:** What are you spending on developing it now?

**Mr Gray:** Nothing at the moment. It is currently under planning.

[39] **Alison Halford:** Is there anything that you want to say on computers? They are a graveyard of financial aspiration, are they not?

**Mr Gray:** That is true. We are getting to the stage now where we are going to have something that will be extremely useful. We have already taken delivery of the system. I do not want to let it go—as director of finance, I am very nervous of letting go a system that is designed to manage millions of pounds of public money until I have thoroughly tested it and I am happy that it is working properly. So at the moment I am having

gyflawni hynny—os na fydd y Llywodraeth yn cynnig yr arian neu os aiff rhywbeth o'i le neu beth bynnag—ac os na chyrhaeddir y targed o 2004, beth y mae hynny'n ei olygu? ?

**Mr Gray:** Nid yw'n fater pwysig.

[38] **Alison Halford:** Faint yr ydych yn ei wario ar ei ddatblygu'n awr?

**Mr Gray:** Dim ar y funud. Mae'n cael ei gynllunio ar hyn o bryd.

[39] **Alison Halford:** A oes rhywbeth yr ydych yn dymuno'i ddweud ynghylch cyfrifiaduron? Maent yn fynwent i uchelgais ariannol, onid ydynt?

**Mr Gray:** Mae hynny'n wir. Yr ydym yn dod i'r cyfnod yn awr pan fydd gennym rywbeth a fydd yn ddefnyddiol iawn. Mae'r system wedi'i chyflenwi inni eisoes. Nid wyf am ddechrau'i defnyddio—fel cyfarwyddwr cyllid, yr wyf yn ofalus iawn ynghylch dechrau defnyddio system sydd wedi'i chynllunio i gadw trefn ar filiynau o bunnoedd o arian cyhoeddus hyd nes byddaf wedi rhoi prawf trwyadl arni ac nes byddaf yn

to say to people, 'hold back a little bit; by the end of July or August, all being well, it will be okay, but let us make sure that it works first'.

fodlon ei bod yn gweithio'n iawn. Felly ar hyn o bryd yr wyf yn gorfod dweud wrth bobl, 'arhoswch am ychydig; erbyn diwedd Gorffennaf neu Awst, os aiff popeth i'w le, bydd yn iawn, ond gadewch inni fod yn sicr ei bod yn gweithio'n gyntaf'.

[40] **Alison Halford:** Presumably, if your systems worked, it would help your staff shortages.

[40] **Alison Halford:** Gellid tybio, pe bai eich systemau'n gweithio, y byddai hynny'n lliniaru'ch prinder staff.

**Mr Gray:** It would indeed. For example, once the payment module is fully operational, we will be able to take 10 days off the time taken to process a payment claim.

**Mr Gray:** Byddai, yn sicr. Er enghraifft, pan fydd y modiwl talu'n llawn weithredol, byddwn yn gallu cwtogi 10 niwrnod ar yr amser a gymerir i brosesu hawliad tâl.

[41] **Alison Halford:** So you could save money by not requiring another 12.5 per cent of staff?

[41] **Alison Halford:** Felly gallech arbed arian drwy beidio â bod ag angen 12.5 y cant o staff yn ychwanegol?

**Mr Gray:** At the moment I have something like 10 vacancies on the payments side, which I am deliberately holding vacant because I am expecting that the system will enable us to process more efficiently, so that we will not need to fill those posts. At the moment I can afford to keep those posts vacant because the full pace of payment activity has not

**Mr Gray:** Ar hyn o bryd, mae gennyf tua 10 o swyddi gwag ar yr ochr taliadau, ac yr wyf yn eu cadw'n wag o fwriad gan fy mod yn disgwyl y bydd y system yn ein galluogi i brosesu'n fwy effeithlon, fel na fydd angen inni lanw'r swyddi hynny. Ar y funud, gallaf fforddio cadw'r swyddi hynny'n wag gan nad yw'r gweithgarwch talu ar ei anterth eto. Wrth gymeradwyo

yet hit us. As more and more schemes get approved, there will, of course, be a much bigger volume of payment activity and it is at that point that the system will kick in and I will not need to get the other people in.

mwy a mwy o gynlluniau, bydd llawer mwy o weithgarwch talu, wrth gwrs, a dyna pryd y bydd y system yn cychwyn ac ni fydd angen imi ddod â phobl eraill i mewn.

[42] **Dafydd Wigley:** But you are fully confident that, by September, both the interim grant payment system and the grant management information system will be up and running?

[42] **Dafydd Wigley:** Ond yr ydych yn gwbl ffyddiog y bydd y system taliadau grant dros dro a'r system gwybodaeth am reoli grantiau ar waith erbyn mis Medi?

**Mr Gray:** Yes, provided that the tests go satisfactorily.

**Mr Gray:** Ydwyf, ar yr amod bod y profion yn foddhaol.

[43] **Dafydd Wigley:** Is there any reason to believe that they will not?

[43] **Dafydd Wigley:** A oes rheswm dros gredu na fyddant?

**Mr Gray:** There is no reason to believe that they will not. I am just a cautious financier.

**Mr Gray:** Nid oes rheswm dros gredu na fyddant. Yr wyf yn gyllidwr pwyllog, dyna'r cwbl.

[44] **Dafydd Wigley:** It is critical, is it not, to get that going? That will make a difference.

[44] **Dafydd Wigley:** Mae'n hollbwysig ei rhoi ar waith, onid yw? Fe wnaiff wahaniaeth.

**Mr Gray:** Yes.

**Mr Gray:** Gwnaiff.

*[45] Dafydd Wigley: Symudwn ymlaen felly. Yr wyf eisiau troi at ystyriaeth sy'n sylfaenol i'r materion hyn, sef a ydym yn cefnogi'r prosiectau cywir. Hoffwn ddechrau, Mr Clarke, drwy ystyried a yw'r arian cyfatebol ar gael. Mae Llywodraeth y Cynulliad wedi nodi na fydd unrhyw brosiect cadarn yn methu oherwydd diffyg arian cyfatebol. Allwch chi gadarnhau bod digon o arian cyfatebol ar gael ar gyfer yr holl brosiectau sydd ei angen?*

*Mr Clarke: I will just start by saying that I do not have accounting officer responsibility for the match funding. That lies elsewhere in the Assembly. However, I have no evidence that any worthwhile project has failed for want of match funding.*

*[46] Dafydd Wigley: May I press you a little bit more on that? While accepting that you do not have the accounting officer responsibility, this question nonetheless has a very serious bearing on the successful outcome of the programmes of which you are in charge. The question is, perhaps, whether you are confident not only that the projects that have gone through and with which you*

*[45] Dafydd Wigley: We will therefore move on. I want to turn to a consideration that is fundamental to these issues, namely whether we are supporting the right projects. I would like to begin, Mr Clarke, by considering the availability of match funding. The Assembly Government has stated that no sound project will fail for want of match funding. Can you confirm that sufficient match funding is available for all projects that need it?*

*Mr Clarke: Dechreuaf drwy ddweud nad oes gennyf gyfrifoldeb fel swyddog cyfrifo dros yr arian cyfatebol. Yn y Cynulliad y mae'r cyfrifoldeb hwnnw. Serch hynny, nid oes gennyf dystiolaeth bod unrhyw brosiect buddiol wedi methu oherwydd diffyg arian cyfatebol.*

*[46] Dafydd Wigley: A gaf bwyso ychydig yn fwy arnoch ar hynny? Er fy mod yn derbyn nad oes gennyf gyfrifoldeb fel swyddog cyfrifo, mae'r cwestiwn hwn yn berthnasol iawn i lwyddiant y rhaglenni yr ydych yn gyfrifol amdanynt, er hynny. Y cwestiwn y dylid ei ofyn, efallai, yw a ydych yn ffyddiog nid yn unig y bydd arian cyfatebol ar gyfer y prosiectau a aeth drwodd ac y buoch yn*

*have been dealing will have match funding—they clearly have had, otherwise they would not have made progress—but whether there is adequate match funding for the programmes that are coming up now and for your timetable to achieve the objectives of the basic SPD?*

**Mr Clarke:** *Yes, I am confident. I will just explain a little of the background. As I understand it, when the match funding needs were first calculated, officials in other departments went very carefully through the entire Assembly block grant and assessed what was available for match funding. Then, on top of that, what are called the pots of last resort were created. There is one called Pathways to Prosperity, which I know that members of the Economic Development Committee know well. Certainly, on the strength of last year's outturn and accounts, those pots of last resort were not anywhere near fully utilised, I gather. If I may say so, our prime role in WEFO must be to ensure that people know where to go to find funding, as well as hoping that they get a warm welcome when they reach the pot of gold. As the report states, we have been constantly updating the WEFO website. We have just virtually completed another major upgrade to provide that*

*eu trafod—mae'n amlwg ei fod ar gael, neu ni fyddent wedi symud ymlaen—ond a oes digon o arian cyfatebol ar gyfer y rhaglenni sy'n dod yn awr ac ar gyfer eich amserlen i gyflawni'r amcanion yn y ddogfen raglennu sengl sylfaenol?*

**Mr Clarke:** *Ydwyf, yr wyf yn ffyddiog. Egluraf ychydig o'r cefndir. Fel yr wyf yn ei deall, pan gyfrifwyd yr anghenion arian cyfatebol yn gyntaf, edrychodd y swyddogion mewn adrannau eraill yn fanwl iawn ar holl grant bloc y Cynulliad ac asesu beth a oedd ar gael ar gyfer arian cyfatebol. Wedyn, yn ychwanegol i hynny, crewyd yr hyn a elwir yn botiau gobaith olaf. Mae un o'r enw y Ffordd i Ffyniant, y gwn fod aelodau'r Pwyllgor Datblygu Economaidd yn gyfarwydd ag ef. Yn sicr, ar sail alldro a chyfrifon y flwyddyn ddiwethaf, yr oedd y potiau gobaith olaf hynny ymhell o gael eu defnyddio'n llawn, yr wyf yn deall. Os caf ddweud, ein prif rôl yn WEFO yw sicrhau bod pobl yn gwybod i ble y dylent fynd i gael arian, yn ogystal â gobeithio eu bod yn cael croeso cynnes pan gyrhaeddant y pot o aur. Fel y dywed yr adroddiad, buom yn diweddarau gwefan WEFO'n gyson. Yr ydym bron â chwblhau gwelliant mawr arall i ddarparu'r*

*signposting.*

*cyfarwyddiadau hynny.*

**[47] Dafydd Wigley:** *May I press you on that again? You said, of the pots that have been set up—I think that figure 14 on page 39 contains details of these pots—that there has been no pressure on them, and that they have been quite adequate. I press you again about the future dimension of this. In looking forward—because we drive looking through the windscreen, not via the mirror—will provision be adequate to meet the programmes within the set timeframes?*

**[47] Dafydd Wigley:** *A gaf bwysu arnoch eto ar hynny? Dywedasoeh am y potiau a sefydlwyd—credaf fod ffigur 14 ar dudalen 39 yn cynnwys manylion am y potiau hyn—na fu unrhyw bwysau arnynt, ac y buont yn gwbl ddiagonol. Pwysaf arnoch eto am y cyd-destun yn y dyfodol. Wrth edrych ymlaen—oherwydd yr ydym yn gyrru gan edrych drwy'r ffenestr flaen, nid drwy edrych yn y drych—a fydd y ddarpariaeth yn ddigon i ddiwallu anghenion y rhaglenni o fewn yr amserlenni a bennwyd?*

**Mr Clarke:** *I am not aware that we foresee any danger on the horizon. This is looked at—Phil will correct me if I am wrong—every year. Is that right, Phil?*

**Mr Clarke:** *Nid wyf yn ymwybodol ein bod yn rhagweld unrhyw berygl ar y gorwel. Edrychir ar hyn—gwnaiff Phil fy nghywiro os nad wyf yn iawn—bob blwyddyn. A yw hynny'n gywir, Phil?*

**Mr Gray:** *As part of the Assembly's budget round.*

**Mr Gray:** *Fel rhan o gylch cyllideb y Cynulliad.*

**Mr Clarke:** *Yes, as part of the budget planning process for the entire Assembly. I will ask Phil to come in on this.*

**Mr Clarke:** *Ie, fel rhan o broses cynllunio cyllideb y Cynulliad cyfan. Gofynnaf i Phil ddod i mewn ar hyn.*

**Mr Gray:** *As John says, in addition to the*

**Mr Gray:** *Fel y dywed John, yn ogystal*

*match pots that the Assembly has established, we have also been working with Assembly Government officials to identify match funding elsewhere in the budget. If that were found to be lacking in any given year, it would be a matter for the Assembly Government to consider as part of its budget process.*

*â'r potiau o arian cyfatebol a sefydlodd y Cynulliad, buom hefyd yn gweithio gyda swyddogion Llywodraeth y Cynulliad i ganfod arian cyfatebol mewn mannau eraill yn y gyllideb. Os ceid bod diffyg mewn unrhyw flwyddyn, byddai'n fater i'w ystyried gan Lywodraeth y Cynulliad fel rhan o'i phroses cyllideb.*

**[48] Dafydd Wigley:** *The figures that we have refer to 29 per cent of the total public sector match funding in the first three years being provided from these pots. Are you confident that the balance of 71 per cent will be forthcoming?*

**[48] Dafydd Wigley:** *Mae'r ffigurau sydd gennym yn sôn am ddarparu 29 y cant o holl arian cyfatebol y sector cyhoeddus yn y tair blynedd cyntaf o'r potiau hyn. A ydych yn ffyddiog y bydd y gweddill o 71 y cant ar gael?*

**Mr Gray:** *At the moment we have no reason to believe that we will not be able to get that.*

**Mr Gray:** *Ar hyn o bryd nid oes gennym reswm dros gredu na fyddwn yn gallu'i gael.*

**[49] Dafydd Wigley:** *Right. I move on to something that you touched upon a moment ago, namely ensuring that guidance is available for the partnerships and applicants on the sources of match funding. Is WFO or are Assembly Government officials planning to develop comprehensive guidance, as recommended in paragraph 4.58 of the Auditor General's report?*

**[49] Dafydd Wigley:** *O'r gorau. Symudaf ymlaen at rywbeth y cyfeiriasoch ato eiliad yn ôl, sef sicrhau bod canllawiau ar gael i'r partneriaethau a'r ymgeiswyr am y ffynonellau o arian cyfatebol. A yw WFO neu swyddogion Llywodraeth y Cynulliad yn bwriadu datblygu canllawiau cynhwysfawr, fel yr argymhellir ym mharagraff 4.58 o adroddiad yr Archwilydd Cyffredinol?*



**Mr Clarke:** Yes we are, Chair. This is part of an ongoing process, as I mentioned. About three months ago, I, along with Assembly colleagues, instituted a major drive to upgrade the information. I went round every group in the Assembly to get more information, and we have recently reconfigured it on our website—well, we will have finished this latest upgrade by the end of this month.

[50] **Dafydd Wigley:** Given that you have recognised that there is a problem here, and it is a problem that has been running for some time, could I be so rude as to ask why it is that this has only been addressed in the last three months, and not somewhat earlier?

**Mr Clarke:** Essentially, this was in response to what you might call market sentiments. People were saying to us in very consistent numbers, ‘Look, the information is not good enough; will you please do something about it?’, so we did.

[51] **Dafydd Wigley:** And you are confident that this now will make a

**Mr Clarke:** Ydym, Gadeirydd. Mae hyn yn rhan o broses barhaus, fel y dywedais. Tua thri mis yn ôl, cychwynnais brosiect mawr, ynghyd â chydweithwyr yn y Cynulliad, i wella’r wybodaeth. Euthum at bob grwp yn y Cynulliad i gael rhagor o wybodaeth, ac yr ydym wedi’i hailgyflunio’n ddiweddar ar ein gwefan—wel, byddwn wedi cwblhau’r gwelliant diweddaraf hwn erbyn diwedd y mis hwn.

[50] **Dafydd Wigley:** Gan eich bod wedi cydnabod bod problem yn hyn o beth, ac mae’n broblem sy’n bod ers cryn amser, a allwn fod mor hyf â gofyn pam mai dim ond yn y tri mis diwethaf y rhoddwyd sylw i hyn, ac nid rhyw ychydig yn gynharach?

**Mr Clarke:** Yn y bôn, yr oedd yn ymateb i’r hyn y gallech ei alw’n deimladau’r farchnad. Yr oedd niferoedd cyson iawn yn dweud wrthym, ‘Edrychwch, nid yw’r wybodaeth yn ddigon da; a wnewch rywbeth yn ei chylch, os gwelwch yn dda?’, felly fe wnaethom.

[51] **Dafydd Wigley:** Ac yr ydych yn ffyddiog y gwnaiff hyn wahaniaeth yn

difference?

**Mr Clarke:** I believe that it will, Chair, but if it does not, we will keep at it.

[52] **Dafydd Wigley:** Alison, do you want to come in?

[53] **Alison Halford:** Thank you. I will look at your private sector unit, which is discussed under paragraph 4.17, for your reference. The report suggests that progress in engaging the private sector in project leadership roles has been fairly slow and that the private sector is dissatisfied with the speed and bureaucracy of the process. Will you comment on that rather bald statement, and, if you feel that it is true, how will you address these problems?

**Mr Clarke:** I think that the first thing to say about the dreaded word ‘bureaucracy’ is that it has always been there, but it is now much more transparent than it was. Everything that we do is a matter of public record and the process is a very transparent one, and rightly so—

awr?

**Mr Clarke:** Yr wyf yn credu y gwnaiff, Gadeirydd, ond os na wnaiff, fe ddaliwn ati.

[52] **Dafydd Wigley:** Alison, a oes gennych gwestiynau i’w gofyn?

[53] **Alison Halford:** Diolch. Canolbwyntiaf ar eich uned sector preifat, a drafodir o dan baragraff 4.17, fel y gallwch gyfeirio ato. Mae’r adroddiad yn awgrymu bod y cynnydd wrth gynnwys y sector preifat mewn rolau arwain prosiectau wedi bod yn eithaf araf a bod y sector preifat yn anfodlon ar gyflymder a biwrocratiaeth y broses. A wnewch sylw am y datganiad eithaf moel hwnnw, ac, os teimlwch ei fod yn wir, sut y gwnewch ymdrin â’r problemau hyn?

**Mr Clarke:** Credaf mai’r peth cyntaf i’w ddweud am y gair ofnadwy ‘biwrocratiaeth’ yw ei bod yno erioed, ond ei bod bellach yn llawer mwy tryloyw nag yr oedd. Mae popeth a wnawn ar gofnod cyhoeddus ac mae’r broses yn un dryloyw iawn, ac yn gwbl briodol felly—

[54] **Alison Halford:** I am sorry to be so rude as to interrupt, but do you agree that the private sector's perception is that your leadership role has been fairly slow? Is that your perception? Do you accept that as a true reflection of the thoughts of the private sector?

**Mr Clarke:** I have not heard it said that our leadership role has been lacking in any way.

[55] **Alison Halford:** Slow, not lacking.

**Mr Clarke:** Well, no, not—

[56] **Alison Halford:** Yes or no?

[57] **Dafydd Wigley:** I think that it is a definite maybe.

**Mr Clarke:** Yes, an unequivocal maybe on that one. We have not been slow to set up the private sector unit. We have not

[54] **Alison Halford:** Mae'n ddrwg gennyf am fod mor hyf â thorri ar draws, ond a ydych yn cytuno mai canfyddiad y sector preifat yw bod eich rôl arweinyddiaeth wedi bod yn eithaf araf? Ai dyna'ch canfyddiad chi? A ydych yn derbyn bod hynny'n adlewyrchiad teg o farn y sector preifat?

**Mr Clarke:** Nid wyf wedi clywed unrhyw un yn dweud bod ein rôl arweinyddiaeth wedi bod yn ddiffygiol mewn unrhyw fodd.

[55] **Alison Halford:** Araf, nid diffygiol.

**Mr Clarke:** Wel, na, nid—

[56] **Alison Halford:** Ydych neu nac ydych?

[57] **Dafydd Wigley:** Credaf ei fod yn efallai pendant.

**Mr Clarke:** Ie, efallai diamwys yw'r ateb i hwnnw. Ni fuom yn araf wrth sefydlu'r uned sector preifat. Ni fuom yn araf wrth

been slow to set up the social partners unit that goes with it. I think that the bureaucracy criticism stems from two sources. One is the very valuable private sector involvement that we have with the process—membership of monitoring committees and membership of partnerships. I can well understand, coming from the private sector myself, how that can appear to be a fearsome exercise. It is for that reason that the Assembly Government set up the social partners unit to assist those very worthy people from the private sector to make a success and make a difference on the partnerships. As far as the private sector accessing the money is concerned, this was the main reason for setting up the private sector unit, basically as its guide and mentor to accessing the money. We have already had, as I think the report says, 20 or so private sector led proposals through the system, which is probably 20 more than the previous programmes had achieved. In addition, as the report states, there are a further 55 in the pipeline. So, yes, it is starting to work, but it has been a learning curve for the private sector, as for all of us.

[58] **Alison Halford:** Finally, as a private

sefydlu'r uned partneriaid cymdeithasol sy'n cyd-fynd â hi. Credaf fod y feirniadaeth ynghylch biwrocraiaeth yn deillio o ddwy ffynhonnell. Un yw'r cysylltiad sector preifat tra gwerthfawr sydd gennym â'r broses—aelodaeth o'r pwyllgorau monitro ac aelodaeth o'r partneriaethau. Gallaf ddeall yn iawn, gan fy mod wedi dod o'r sector preifat fy hun, sut y gall hynny ymddangos yn ymarfer brawychus. Oherwydd hynny y sefydlodd Llywodraeth y Cynulliad yr uned partneriaid cymdeithasol i helpu'r bobl glodwiw hynny yn y sector preifat i lwyddo ac i wneud gwahaniaeth yn y partneriaethau. O ran gallu'r sector preifat i gael gafael ar yr arian, dyma oedd y prif reswm dros sefydlu'r uned sector preifat, i fod yn arweinydd ac yn fentor iddo, yn y bôn, o ran cael gafael ar yr arian. Fel y dywed yr adroddiad, yr wyf yn credu, mae tua 20 o gynlluniau dan arweiniad y sector preifat wedi mynd drwy'r system eisoes, sy'n 20 yn rhagor nag o dan y rhaglenni blaenorol, yn ôl pob tebyg. Yn ogystal â hynny, fel y dywed yr adroddiad, mae 55 o gynlluniau eraill ar y gweill. Felly, ydyw, mae'n dechrau gweithio, ond mae'r sector preifat wedi profi cromlin dysg, fel y mae pob un ohonom.

[58] **Alison Halford:** Yn olaf, fel rhywun

sector person, the question is, again, are you doing enough to ensure that the private sector is involved? According to the figures, it is mostly the public sector that is participating, is it not? What more can you do to develop frameworks and involve the private sector? Do read the note passed to you by Phil, because I am sure that it is very worthwhile.

[*Laughter.*]

**Mr Clarke:** It would be very complacent and wrong of me to say that we are doing enough. I do not believe that one is ever doing enough. I will pass this on to Sheila, as she has line responsibility for the private sector unit.

**Ms Maxwell:** I think that there is still a perception that the structural fund programmes are ones where the private sector can come in directly for projects. That has never been the case; it is not the norm. In Wales, we are trying to make it more of the norm because we see a vital role for the private sector but, traditionally, structural fund projects have come from the public sector, albeit for the benefit of the private sector. So, one of the challenges for us is actually to identify the areas where, quite

o'r sector preifat, y cwestiwn eto yw a ydych yn gwneud digon i sicrhau bod rhan i'r sector preifat yn hyn? Yn ôl y ffigurau, y sector cyhoeddus sy'n cyfranogi fwyaf, onide? Beth yn rhagor y gallwch ei wneud i ddatblygu fframweithiau a chynnwys y sector preifat? Darllenwch y nodyn y mae Phil wedi'i roi i chi oherwydd yr wyf yn siwr ei fod yn un buddiol iawn. [*Chwerthin.*]

**Mr Clarke:** Byddai'n ddifater ac yn anghywir iawn ar fy rhan i ddweud ein bod yn gwneud digon. Nid wyf yn credu bod rhywun fyth yn gwneud digon. Fe drosglwyddaf hyn i Sheila, gan fod ganddi gyfrifoldeb llinell dros yr uned sector preifat.

**Ms Maxwell:** Credaf fod canfyddiad o hyd fod rhaglenni'r cronfeydd strwythurol yn rhai y gall y sector preifat ddod atynt yn uniongyrchol ar gyfer prosiectau. Ni fu erioed felly; nid dyna'r norm. Yng Nghymru, yr ydym yn ceisio'i wneud yn fwy o norm gan ein bod yn gweld bod rôl hollbwysig i'r sector preifat ond, yn draddodiadol, mae prosiectau'r cronfeydd strwythurol yn dod oddi wrth y sector cyhoeddus, ond er budd y sector preifat. Felly, un o'r heriau i ni yw canfod y meysydd lle y gall y

legitimately, the private sector can come in, because it comes in where it is a greater good. The private sector cannot come in for money to take its own projects forward. However, there are opportunities where it can come in for a wider benefit. We are currently working very hard with people from the private sector, and it helps that we have private sector secondees in the unit, to identify these opportunities. We also want to create a series of what we are calling 'blueprint projects', where we will identify the potential, work it up with the project, identify state aid issues and other technicalities, and then will more or less be able to say, 'This is an opportunity for the private sector, there may be people who will want to come in and do it'. An example of that is, possibly, dealing with waste and waste management. So that is active at the moment.

We are doing the usual things that you would expect of us—workshops, seminars and surgeries. However, the private sector is vast, and it is quite a challenge to get the message across to everyone. We have to work to some extent with umbrella bodies, which we are doing. We are hoping to set up private sector facilitators. That has taken a bit

sector preifat gyfrannu, yn gwbl gyfiawn, oherwydd fe ddaw i mewn pan fo er budd ehangach. Ni chaiff y sector preifat ddod i mewn i gael arian i ddatblygu'i brosiectau ei hun. Fodd bynnag, mae cyfleoedd lle y caiff ddod i mewn er budd ehangach. Yr ydym yn gweithio'n galed iawn ar hyn o bryd gyda rhai o'r sector preifat, ac mae'n fuddiol bod gennym rai ar secondiad o'r sector preifat yn yr uned, i ganfod y cyfleoedd hyn. Yr ydym hefyd am greu cyfres o'r hyn a alwn yn 'brosiectau glasbrint', lle y byddwn yn canfod y potensial, yn ei ddatblygu gyda'r prosiect, yn nodi materion sy'n codi ynghylch cymorth gwladol a manylion technegol eraill, ac yn gallu dweud wedyn, fwy neu lai, 'Mae hyn yn gyfle i'r sector preifat, efallai bod rhai a fydd am ddod i mewn a'i wneud'. Un enghraifft o hynny, o bosibl, yw delio â gwastraff a rheoli gwastraff. Felly mae hynny ar y gweill ar hyn o bryd.

Yr ydym yn gwneud y pethau arferol y byddech yn disgwyl inni eu darparu—gweithdai, seminarau a chyngorfeydd. Fodd bynnag, mae'r sector preifat yn anferth, ac mae trosglwyddo'r neges i bawb yn gryn her. Rhaid inni weithio i ryw raddau gyda'r cyrff ambarél, ac yr ydym yn gwneud hynny. Yr ydym yn gobeithio sefydlu hwyluswyr i'r sector

longer than we had hoped. It is still on the cards, and one person is in post in north Wales. There will be other people in post, and we will ensure that they are well trained. However, because we are doing something fairly new and fairly novel, it is quite a challenge. I think that we are moving forward as fast as we can and, now that we have got quite a number of private sector organisations on board—not all the private sector, because it is vast—we are making significantly more progress than elsewhere. However, when you are doing something for the first time, it is always a bit more difficult.

[59] **Dafydd Wigley:** Yr wyf yn siwr bod yr ateb hwnnw yn galonddid inni. Eleanor, a oeddech chi am ddweud rhywbeth ar hyn?

[60] **Eleanor Burnham:** Diolch yn fawr, Gadeirydd.

As Chair of the North Wales Regional Committee, I think that the perception of the Confederation of British Industry's north Wales chair, Roy Bichan, differs greatly from your perception. Perception is reality, after all. I am fearful that we

preifat. Mae hynny wedi cymryd ychydig yn fwy o amser nag yr oeddem wedi gobeithio. Mae yn yr arfaeth o hyd, ac mae un wedi'i benodi yn y Gogledd. Penodir rhai eraill, a gwnawn sicrhau eu bod wedi'u hyfforddi'n dda. Fodd bynnag, gan ein bod yn gwneud rhywbeth eithaf newydd ac arloesol, mae'n gryn her. Credaf ein bod yn symud ymlaen mor gyflym ag y gallwn a, chan fod cryn nifer o gyrff sector preifat yn cymryd rhan bellach—nid y cwbl o'r sector preifat, gan ei fod yn anferth—yr ydym yn gwneud mwy o gynnydd o lawer na lleoedd eraill. Er hynny, pan ydych yn gwneud rhywbeth am y tro cyntaf, mae wastad ychydig yn anos.

[59] **Dafydd Wigley:** I am sure that that answer is heartening for us. Eleanor, did you want to come in on this?

[60] **Eleanor Burnham:** Thank you, Chair.

Fel cadeirydd Pwyllgor Rhanbarth y Gogledd, credaf fod canfyddiad cadeirydd Cydffederasiwn Diwydiant Prydain yn y Gogledd, Roy Bichan, yn wahanol iawn i'ch canfyddiad chi. Y canfyddiad yw'r realiti, wedi'r cyfan. Yr

are very slow and cumbersome and the perception, again, is that Ireland is doing so well. That was the main thrust of the North Wales Economic Forum meeting that I attended a couple of weeks ago. Time is slipping by, and 2006 is looming, and, as the Assembly was told by the Marshal of Silesia only a few months ago, Silesia is looking forward very much to 2006, when we relinquish our grip on these funds. I fear really, because of all that I hear. I had a very brief encounter with an executive officer in your department, on behalf of a constituent who was frantic about the loss or the reclaiming of European funding in a complex situation. I was not terribly impressed by the priority given to the conversation. I think that the reality or perception in north Wales is pressing for you to hurry up.

[61] **Dafydd Wigley:** I am sure that you could write on that detailed point. Alun, did you want to come in on this also, and then the witnesses can answer those points?

[62] **Alun Cairns:** Yes. My question is about the private sector facilitators. You

wyf yn ofni ein bod yn araf ac yn drwsogl iawn a'r canfyddiad, unwaith eto, yw bod Iwerddon yn gwneud yn dda iawn. Dyna oedd prif fyrdwn y cyfarfod o Fforwm Economaidd Gogledd Cymru y bûm yn bresennol ynddo ychydig wythnosau'n ôl. Mae amser yn mynd heibio, ac mae 2006 o fewn golwg, ac, fel y dywedodd Marsial Silesia wrth y Cynulliad ychydig fisoedd yn ôl, mae Silesia'n edrych ymlaen yn fawr iawn at 2006, pan fyddwn ni'n gollwng ein gafael ar y cronfeydd hyn. Yr wyf yn ofni, mewn gwirionedd, oherwydd y cwbl a glywaf. Cefais gyfarfod byr iawn â swyddog gweithredol yn eich adran chi, ar ran etholwr a oedd bron â drysu ynghylch colli neu adhawlio cyllid Ewropeaidd mewn sefyllfa gymhleth. Nid oedd gennyf fawr o feddwl o'r flaenoriaeth a roddwyd i'r sgwrs. Credaf fod y realiti neu'r canfyddiad yn y Gogledd yn pwyso arnoch i afael ynddi.

[61] **Dafydd Wigley:** Yr wyf yn siwr y gallech ysgrifennu am y pwynt manwl hwnnw. Alun, a ydych am ddweud rhywbeth ar hyn hefyd, ac wedyn caiff y tystion ateb y pwyntiau hynny?

[62] **Alun Cairns:** Ydwyf. Mae fy nghwestiwn yn ymwneud â hwyluswyr y



mentioned that we are a bit behind schedule on that. Can you give me more detail in relation to that response?

Depending on the answer, I may have a supplementary question to that.

**Ms Maxwell:** We are still awaiting the application. The private sector facilitators would be funded through technical assistance for the programme. We cannot proceed with it until we have an application for it.

[63] **Alun Cairns:** What was the original timescale then?

**Ms Maxwell:** The timescale for—?

[64] **Alun Cairns:** The timescale for the private sector facilitators to be up and running.

**Ms Maxwell:** I do not have an exact date, but I believe it was many months ago that it was agreed by the monitoring committee.

[65] **Dafydd Wigley:** Perhaps you could

sector preifat. Gwnaethoch sôn ein bod ychydig ar ei hôl ar hynny. A allwch roi mwy o fanylion i mi ynghylch yr ateb hwnnw? Yn ddibynnol ar yr ateb, mae'n bosibl y bydd gennyf gwestiwn atodol i hwnnw.

**Ms Maxwell:** Yr ydym yn dal i ddisgwyl am y cais. Byddid yn ariannu hwyluswyr y sector preifat drwy'r cymorth technegol ar gyfer y rhaglen. Ni allwn fynd ymlaen â hyn hyd y cawn gais amdano.

[63] **Alun Cairns:** Beth oedd yr amserlen wreiddiol felly?

**Ms Maxwell:** Yr amserlen ar gyfer—?

[64] **Alun Cairns:** Yr amserlen i hwyluswyr y sector preifat ddechrau ar eu gwaith.

**Ms Maxwell:** Nid oes gennyf ddyddiad pendant, ond credaf fod y pwyllgor monitro wedi cytuno arno fisoedd lawer yn ôl.

[65] **Dafydd Wigley:** Efallai y gallech

provide a note on that so that we can include it in our considerations.

ddarparu nodyn ar hynny fel y gallwn ei gynnwys yn ein hystyriaethau.

[66] **Alun Cairns:** My supplementary question is: what have you been doing to facilitate the application for the private sector facilitators from the unit?

[66] **Alun Cairns:** Y cwestiwn atodol sydd gennyf yw: beth a wnaethoch i hwyluso'r cais am hwyluswyr sector preifat gan yr uned?

**Ms Maxwell:** We have been in regular contact and have offered help and assistance towards putting it together and having it in.

**Ms Maxwell:** Buom mewn cysylltiad yn rheolaidd ac yr ydym wedi cynnig cymorth i'w baratoi a'i gyflwyno.

[67] **Dafydd Wigley:** We will move on to the appraisal of projects. Val has some questions on this.

[67] **Dafydd Wigley:** Symudwn ymlaen at arfarnu prosiectau. Mae gan Val gwestiynau am hyn.

[68] **Val Lloyd:** You said earlier, Chair, that it was essential that WEFO knew that it was supporting the right projects, and I want to talk about appraisal, which is an important part of selection. Paragraph 4.25 on page 33 points out that added value is difficult to assess when appraising project applications. I think that it is difficult to assess in any event. WEFO, as you have told us, relies mainly on consultations between the partnerships to confirm that a project will provide additional benefits. Can you tell me how you can be sure that, when partnerships

[68] **Val Lloyd:** Dywedasoeh yn gynharach, Gadeirydd, ei bod yn hollbwysig bod WEFO'n gwybod ei fod yn cefnogi'r prosiectau iawn, ac yr wyf am sôn am arfarnu, sy'n rhan bwysig o ddethol. Mae paragraff 4.25 ar dudalen 33 yn tynnu sylw at y ffaith ei bod yn anodd asesu gwerth ychwanegol wrth arfarnu ceisiadau am brosiectau. Credaf ei bod yn anodd asesu hynny beth bynnag. Mae WEFO, fel y dywedasoeh, yn dibynnu'n bennaf ar ymgynghoriadau rhwng y partneriaethau i gadarnhau y bydd prosiect yn rhoi buddion

assess added value, they do so with rigour and consistency?

**Mr Clarke:** May I bring Sheila in straight away on this? She is very much in charge of appraisal.

[69] **Val Lloyd:** Yes, whomever you wish.

**Ms Maxwell:** We are looking at needs and needs as part of added value. In the application form currently and in the guidance there is quite an amount of detail that the applicant has to provide on this, but it tends to be more of a tick box where they identify where it is. My understanding, certainly from the audit, is that it was felt that that was too superficial, and that we should be more searching. One of the things that we do rely upon the partnerships for, particularly local partnerships who understand the area, the demand and the need, is to provide information on this; they are possibly best placed to do so. What I understand that the report is suggesting is that we need to discuss with

ychwanegol. A allwch ddweud wrthyf sut y gallwch fod yn sicr, pan yw partneriaethau'n asesu gwerth ychwanegol, eu bod yn gwneud hynny'n drwyadl ac yn gyson?

**Mr Clarke:** A gaf ofyn i Sheila gyfrannu ar hyn yn syth? Ganddi hi y mae'r gofal pennaf am arfarnu.

[69] **Val Lloyd:** Cewch, pwy bynnag a ddymunwch.

**Ms Maxwell:** Yr ydym yn ystyried anghenion ac anghenion fel rhan o werth ychwanegol. Yn y ffurflen gais bresennol ac yn y canllawiau, rhaid i'r ymgeisydd ddarparu cryn dipyn o fanylion am hyn, ond blychau ticio a geir gan mwyaf i nodi ym mhle y mae. Yr wyf yn deall, yn sicr ar sail yr archwiliad, fod teimlad bod hynny'n rhy arwynebol, ac y dylem fod yn fwy trwyadl. Un o'r pethau yr ydym yn dibynnu ar y partneriaethau i'w gwneud, yn enwedig y partneriaethau lleol sy'n deall yr ardal, y galw a'r angen, yw darparu gwybodaeth am hyn; hwy sydd yn y sefyllfa orau i wneud hynny, o bosibl. Fel yr wyf yn ei ddeall, mae'r adroddiad yn awgrymu bod angen inni drafod gyda'r partneriaethau i gael mwy

the partnerships more of a framework and documentation of this and more of a standardisation, rather than just taking people's word for it. We are working on that at the moment.

[70] **Val Lloyd:** Thank you, that was helpful to extend my understanding of that. Could you comment on the quality of information received on the current provision of services so that that added value can be assessed objectively and not according to the opinion or knowledge of the individuals concerned?

**Ms Maxwell:** It varies enormously. The best applications that come in are where there has been a research project or an assessment of needs—something done very objectively. At the other end of the scale, it is very often the applicant's word—simply a statement that says that this is the case.

[71] **Val Lloyd:** Do you have any plans over and above what you have explained to try to standardise the quality of that information?

**Ms Maxwell:** Yes. We are working on that at the moment. We have a panel in

o fframwaith a dogfennaeth i hyn a mwy o safoni, yn hytrach na dim ond derbyn gair pobl amdano. Yr ydym yn gweithio ar hynny ar hyn o bryd.

[70] **Val Lloyd:** Diolch, yr oedd hynny o gymorth imi ddeall mwy am hyn. A allech wneud sylw am ansawdd y wybodaeth a dderbynnir am y ddarpariaeth o wasanaethau ar hyn o bryd fel bod modd asesu gwerth ychwanegol yn wrthrychol ac nid yn ôl barn neu wybodaeth yr unigolion dan sylw?

**Ms Maxwell:** Mae'n amrywio'n fawr iawn. Y ceisiadau gorau a ddaw i law yw'r rhai lle y bu prosiect ymchwil neu asesiad o'r anghenion—rhywbeth a wnaed yn wrthrychol iawn. Yn y pen arall, gair yr ymgeisydd a geir yn aml iawn—dim ond datganiad sy'n dweud mai felly y mae.

[71] **Val Lloyd:** A oes gennych unrhyw gynlluniau yn ychwanegol i'r hyn yr ydych wedi'i ddisgrifio i geisio safoni ansawdd y wybodaeth honno?

**Ms Maxwell:** Oes. Yr ydym yn gweithio ar hynny ar hyn o bryd. Yr ydym wedi

place and quite a number—as is pointed out in the report, the improvement of the appraisal process is ongoing, and has been from the very beginning. We have a forum that comes together, and this is one of the issues that we are looking at very actively at the moment.

[72] **Val Lloyd:** I will turn now to paragraph 4.28, which details the risk of subsequent clawback of grant when the auditors identify problems with added value, and link that with paragraph 4.69, which tells us that your own financial control team has found it difficult to confirm added value for claims under previous programmes. Would you say that that indicated that many projects are not really adding value to existing provision?

**Ms Maxwell:** No, I do not think so. I think that sometimes it is to do with providing the evidence of it. It is a difficult area. I am pausing here, because it is very difficult to generalise. There are some areas of structural fund support where it is very simple to show added value. It is quite obvious that the applicant is going to be doing twice as much as they did before. In other areas it

sefydlu panel ac mae cryn nifer—fel y nodir yn yr adroddiad, mae'r broses arfarnu'n cael ei gwella'n barhaus, a hynny ers y dechrau un. Mae gennym fforwm sy'n dod at ei gilydd, a dyma un o'r materion yr ydym wrthi'n eu hystyried yn fanwl ar y funud.

[72] **Val Lloyd:** Trof yn awr at baragraff 4.28, sy'n nodi'r risg o adfachu grant wedyn pan yw'r archwilwyr yn canfod problemau o ran gwerth ychwanegol, gan gysylltu hynny â pharagraff 4.69, sy'n dweud wrthym fod eich tîm rheoli ariannol wedi'i chael yn anodd cadarnhau gwerth ychwanegol ar gyfer ceisiadau dan y rhaglenni blaenorol. A fydddech yn dweud bod hynny'n dangos bod llawer o brosiectau nad ydynt yn ychwanegu gwerth mewn gwirionedd at y ddarpariaeth bresennol?

**Ms Maxwell:** Na fyddwn, nid wyf yn meddwl. Credaf fod a wnelo hyn weithiau â darparu'r dystiolaeth ohono. Mae'n faes anodd. Yr wyf yn oedi yn y fan hyn, gan ei bod yn anodd iawn cyffredinoli. Mae rhai meysydd yng nghymorth y cronfeydd strwythurol lle y gellir dangos gwerth ychwanegol yn rhwydd iawn. Mae'n gwbl amlwg y bydd yr ymgeisydd yn gwneud dwywaith yr

is a little bit more difficult, and it is working on those difficult areas, I think, that we are concentrating on here. For some projects it is very simple indeed to show the added value.

[73] **Val Lloyd:** I suppose that it all boils down to the qualification of added value in some shape or form.

**Ms Maxwell:** It does, and that in itself comes in a variety of shapes and forms. It can be doing twice as much, or it can be improving the quality. There are a number of criteria that fit into added value.

[74] **Val Lloyd:** Can you tell me what advice you provide to project sponsors and auditors on how to confirm the added value?

**Ms Maxwell:** We have a short guidance note at the moment, which we are going to strengthen.

[75] **Val Lloyd:** In your opinion, do you think that it is always possible to prove

hyn a wnâi o'r blaen. Mewn meysydd eraill mae ychydig bach yn fwy anodd, ac ar weithio ar y meysydd anodd hynny yr ydym yn canolbwyntio yn y fan hyn, yr wyf yn credu. Yn achos rhai prosiectau, hawdd iawn yw dangos y gwerth ychwanegol.

[73] **Val Lloyd:** Tybiaf mai hanfod y cwbl yw'r disgrifiad o werth ychwanegol o ryw fath.

**Ms Maxwell:** Ie, ac fe'i ceir ar amryw o ffurfiau. Gall olygu gwneud dwywaith gymaint, neu gall olygu gwella'r ansawdd. Mae nifer o feini prawf sy'n berthnasol i werth ychwanegol.

[74] **Val Lloyd:** A allwch ddweud wrthyf pa gyngor yr ydych yn ei roi i noddwyr prosiectau ac archwilwyr ynghylch sut i gadarnhau'r gwerth ychwanegol?

**Ms Maxwell:** Mae gennym ganllawiau byr ar hyn o bryd, a byddwn yn eu gwella.

[75] **Val Lloyd:** Yn eich barn chi, a gredwch ei bod bob amser yn bosibl profi

the added value of a project or whether that would be best determined at organisational level?

**Ms Maxwell:** It again varies with the project, and it is very difficult to generalise. It sometimes has to be done at two levels: one at a high level—almost a policy level—while with others it will be determined at project level.

[76] **Val Lloyd:** You referred earlier to guidance. That guidance will be useful if there is such variability. There must, somewhere along the line, be an assessment—you indicated that it could go to different levels; is there an assessment in that process of how and when it should go to different levels?

**Ms Maxwell:** I think that there is an understanding with people who are used to making structural fund applications of what the rules are and what they have to show. What is more of a challenge is if we are bringing new applicants in who do not fully understand the process.

[77] **Val Lloyd:** I can understand that. I turn to paragraph 4.29, which tells us that project applications do not always

gwerth ychwanegol unrhyw brosiect neu a fyddai'n well pennu hynny ar lefel cyrff unigol?

**Ms Maxwell:** Unwaith eto, mae'n amrywio'n ôl y prosiect, ac mae'n anodd iawn cyffredinoli. Rhaid ei wneud ar ddwy lefel weithiau: ar lefel uchel—ar lefel polisi bron iawn—tra penderfynir ar eraill ar lefel y prosiect.

[76] **Val Lloyd:** Gwnaethoch gyfeirio'n gynharach at ganllawiau. Bydd y canllawiau hynny'n ddefnyddiol os ceir y fath amrywio. Rhaid cael asesiad rywle ar hyd y ffordd—dywedasoeh y gallai fynd at lefelau gwahanol; a oes asesiad yn y broses o sut a phryd y dylai fynd at lefelau gwahanol?

**Ms Maxwell:** Credaf fod dealltwriaeth gan y rhai sydd wedi arfer gwneud ceisiadau i'r cronfeydd strwythurol o beth yw'r rheolau a beth y maent yn gorfod ei ddangos. Ceir mwy o her os deawn ag ymgeiswyr newydd i mewn nad ydynt yn llawn ddeall y broses.

[77] **Val Lloyd:** Gallaf ddeall hynny. Trof at baragraff 4.29, sy'n dweud wrthym nad yw ceisiadau am brosiectau

explain clearly and in sufficient detail why the project is needed, and you rely on the partnerships to assess this in detail. The theme of this question is similar to my earlier question on added value: what assurance can you provide us that the partnerships are carrying out a suitably rigorous assessment of this basic aspect of project appraisal?

**Ms Maxwell:** I think what the report is bringing out is that we do need to look at this in more detail and give some further guidance. We do, of course, ask in the application for the applicant to show need. Some of them, again, do it very well indeed because it is well researched. However, I think that where we are relying on the partnerships, we do need to perhaps be a little bit more thorough, and we certainly need to document things in a way that we do not at the moment.

[78] **Val Lloyd:** Thank you for that frank answer. Do you accept, then, that the illustrations given in paragraph 4.29 would provide a suitable framework for assessing project need and quality, and do you also accept the report's

bob amser yn egluro'n glir ac yn ddigon manwl pam y mae angen y prosiect, a'ch bod yn dibynnu ar y partneriaethau i asesu hyn yn fanwl. Mae thema'r cwestiwn hwn yn debyg i thema fy nghwestiwn cynharach am werth ychwanegol: pa sicrwydd y gallwch ei roi i ni fod y partneriaethau'n gwneud asesiad digon trwyadl o'r agwedd sylfaenol hon ar arfarnu prosiectau?

**Ms Maxwell:** Credaf mai'r hyn y mae'r adroddiad yn tynnu sylw ato yw bod angen inni edrych yn fanylach ar hyn a rhoi canllawiau pellach. Wrth gwrs, yr ydym yn gofyn yn y ffurflen gais i'r ymgeisydd ddangos yr angen. Unwaith eto, mae rhai ohonynt yn gwneud hynny'n dda iawn am eu bod wedi ymchwilio'n dda iddo. Er hynny, credaf fod angen inni fod ychydig yn fwy trwyadl efallai pan ydym yn dibynnu ar y partneriaethau, ac mae'n sicr bod angen inni ddogfennu pethau mewn modd nad ydym yn ei wneud ar hyn o bryd.

[78] **Val Lloyd:** Diolch am yr ateb didwyll hwnnw. A ydych yn derbyn, felly, y byddai'r enghreifftiau a roddir ym mharagraff 4.29 yn cynnig fframwaith addas i asesu'r angen am brosiectau a'u hansawdd, ac a ydych hefyd yn derbyn



recommendation in paragraph 4.31 of incorporating a more detailed assessment of project need and quality in your selection criteria?

**Ms Maxwell:** We have accepted those recommendations and we are actively working on them at the moment.

[79] **Dafydd Wigley:** May I intervene on this? It is an important point. Paragraph 4.31 states,

‘it is important that the evidence cited for project need is checked where necessary. There was little evidence of this from WEFO’s files’.

I accept that you have indicated that you have taken on board the comments made in the report. However, surely it is fundamental that, if the need for a project is established, that should be on file for when any review of WEFO’s work is undertaken, so that if the question of whether it was needed arises at a later stage, you can justify it.

**Ms Maxwell:** I think that we accept that

argymhelliad yr adroddiad ym mharagraff 4.31 y dylid cynnwys asesiad manylach o’r angen am brosiectau a’u hansawdd yn eich meini prawf ar gyfer dethol?

**Ms Maxwell:** Yr ydym wedi derbyn yr argymhellion hynny ac yr ydym wrthi’n gweithio arnynt ar hyn o bryd.

[79] **Dafydd Wigley:** A gaf ymyrryd ar y mater hwn? Mae’n bwynt pwysig. Noda paragraff 4.31,

‘Mae’n bwysig bod y dystiolaeth a nodwyd i ddangos bod angen prosiect yn cael ei gwirio lle bo angen. Nid oedd fawr o dystiolaeth o hyn yn ffeiliau WEFO’.

Yr wyf yn derbyn eich bod wedi nodi eich bod wedi ystyried y sylwadau a wneir yn yr adroddiad. Fodd bynnag, siawns nad yw’n hollbwysig, os profir yr angen am brosiect, fod hynny ar ffeil ar gyfer unrhyw adolygiad a wneir o waith WEFO, fel bod modd ichi ei gyfiawnhau os yw cwestiwn yn codi ynghylch yr angen amdano’n ddiweddarach.

**Ms Maxwell:** Credaf ein bod yn derbyn

our documentation was not as good as it could have been, and that we do need to ensure that it is in the future. That is not to say that we did not look at it but, again, particularly in the case of projects with experienced assessors where they have understood it from previous projects, there is a bit of a tendency not to document it perhaps quite as well as they should. We accept that and we appreciate that this must be done in every instance in the future.

[80] **Dafydd Wigley:** I note what you are saying and I am glad that this is being sorted out. Turning to Mr Clarke, are you satisfied with a situation where you must come to this Committee and acknowledge that you have not done something that was quite basic?

**Mr Clarke:** No, Chair, I am not. I think that our systems could always be improved, and the work that the NAO has done here has been very helpful to us. The NAO started with us 15 months ago when we were pretty new, and it has grown with us, and it has been a very helpful exercise.

nad oedd ein dogfennaeth gystal ag y gallai fod, a bod angen inni sicrhau ei bod felly yn y dyfodol. Nid yw hynny'n gyfystyr â dweud na wnaethom ei hystyried ond, eto, yn enwedig yn achos prosiectau a chanddynt aseswyr profiadol sydd wedi dysgu o brosiectau blaenorol, mae ychydig o duedd i beidio â'i dogfennu gystal ag y gallent efallai. Yr ydym yn derbyn hynny ac yn sylweddoli bod rhaid gwneud hyn ym mhob achos yn y dyfodol.

[80] **Dafydd Wigley:** Nodaf yr hyn yr ydych yn ei ddweud ac yr wyf yn falch bod hyn yn cael ei ddatrys. Gan droi at Mr Clarke, a ydych yn fodlon ar sefyllfa lle'r ydych yn gorfod dod i'r Pwyllgor hwn a chydabod nad ydych wedi gwneud rhywbeth a oedd yn eithaf sylfaenol?

**Mr Clarke:** Nac ydwyf, Gadeirydd. Credaf fod modd gwella ein systemau bob amser, ac mae'r gwaith a wnaeth y SAG yn hyn o beth wedi bod o gymorth mawr i ni. Dechreuodd y SAG gyda ni 15 mis yn ôl pan oeddem yn eithaf newydd, ac mae wedi tyfu gyda ni, a bu'n ymarfer buddiol iawn.

[81] **Dafydd Wigley:** I am grateful for your frankness with the Committee and for the tribute to the NAO. Sorry, Val, I interrupted you.

[82] **Val Lloyd:** Not at all. Following on from project need is the capacity of the management team to deliver the project. How do you address these issues? Do you check the applicant's record in delivering similar projects or something along that line?

**Ms Maxwell:** Again, to a large extent, many of the project applicants with whom we have dealt to date are ones who do have a great deal of experience in delivering structural funds, if I can name bodies such as the Welsh Development Agency and local authorities. They have the experience and the teams. Where we do need to be more rigorous—and we are rigorous—is with new applicants coming in with details of projects. There we do scrutinise. We scrutinise their accounts, we scrutinise their constitution and we will look at their capacity to deliver the projects, albeit it may be a case of whether they have delivered similar projects before. However, it may be that they come in for the first time, in which

[81] **Dafydd Wigley:** Yr wyf yn ddiolchgar ichi am fod mor ddidwyll â'r Pwyllgor ac am y deyrnged i'r SAG. Mae'n ddrwg gennyf, Val, torrais ar eich traws.

[82] **Val Lloyd:** Dim o gwbl. Yr hyn sy'n dilyn yr angen am y prosiect yw gallu'r tîm rheoli i gyflawni'r prosiect. Sut yr ydych yn ymdrin â'r materion hyn? A ydych yn gwirio hanes yr ymgeisydd wrth gyflawni prosiectau tebyg neu rywbeth felly?

**Ms Maxwell:** Unwaith eto, i raddau helaeth, mae llawer o'r ymgeiswyr am brosiectau yr ydym wedi delio â hwy hyd yn hyn yn rhai sy'n brofiadol iawn mewn defnyddio'r cronfeydd strwythurol, os caf enwi cyrff fel Awdurdod Datblygu Cymru a'r awdurdodau lleol. Mae ganddynt y profiad a'r timau sydd eu hangen. Mae angen inni fod yn fwy trwyadl—ac yr ydym yn drwyadl—yn achos ymgeiswyr newydd sy'n cyflwyno manylion am brosiectau. Yr ydym yn eu harchwilio hwy'n fanwl. Yr ydym yn archwilio eu cyfrifon a'u cyfansoddiad a gwnawn edrych ar eu gallu i gyflawni'r prosiectau, er y gallai hynny fod yn fater o ystyried a ydynt wedi cyflawni prosiectau tebyg o'r blaen. Fodd bynnag,

case we are required to make a judgment on whether we feel that the ability is there.

mae'n bosibl eu bod yn ymgeisio am y tro cyntaf ac, os felly, mae'n ofynnol inni benderfynu a ydym yn teimlo bod y gallu ganddynt.

*[83] Val Lloyd: But there is no formal assessment? You assume—I am not casting any aspersions on the WDA, but you used it as an example—that, because the WDA is a fairly well known organisation and it has some experience, it will proceed well with the particular project under consideration?*

*[83] Val Lloyd: Ond nid oes asesiad ffurfiol? Yr ydych yn cymryd—nid wyf yn lladd ar y WDA o gwbl, ond gwnaethoch ei ddefnyddio'n enghraifft—gan fod y WDA yn gorff eithaf adnabyddus a chanddo rywfaint o brofiad, y bydd yn llwyddo gyda'r prosiect penodol dan sylw?*

*Ms Maxwell: We will also take into account our experience of other projects that applicants have managed, particularly ones in the same field. If they come in for the second tranche of a project, we will always look at the delivery of the first part of the project.*

*Ms Maxwell: Gwnawn hefyd ddal mewn cof ein profiad o brosiectau eraill a reolwyd gan yr ymgeiswyr, yn enwedig rhai yn yr un maes. Os deuant atom i gael yr ail gyfran ar gyfer prosiect, byddwn bob amser yn edrych ar gyflawniad y rhan gyntaf o'r prosiect.*

*[84] Val Lloyd: I am sorry, I might be taking somebody else's questions, but would that hinge on your evaluation procedures?*

*[84] Val Lloyd: Mae'n ddrwg gennyf, efallai fy mod yn mynd â chwestiynau rhywun arall, ond a fyddai hynny'n dibynnu ar eich gweithdrefnau gwerthuso?*

*Ms Maxwell: It would. In some instances, we on the appraisal side keep an eye on*

*Ms Maxwell: Byddai. Mewn rhai achosion, yr ydym ni, sydd ar yr ochr arfarnu, yn cadw golwg ar y prosiectau*

*the projects as well.*

*hefyd.*

**[85] Val Lloyd:** *This is my final set of questions. I know that you usually assess project costs in some detail. However, the report states that the assessment of outcomes and unit costs is less well developed. This contrasts with Cornwall, where appraisal staff have detailed guidance. What assurance can you provide that the reality and value for money of project outcomes and costs are being properly appraised?*

**[85] Val Lloyd:** *Dyma fy nghyfres olaf o gwestiynau. Gwn eich bod fel arfer yn asesu costau prosiectau'n eithaf manwl. Fodd bynnag, dywed yr adroddiad nad yw'r asesiad o ganlyniadau a chostau unedau wedi'i ddatblygu i'r un graddau. Mae hynny'n gwrthgyferbynnu â Chernyw, lle y mae gan y staff arfarnu ganllawiau manwl. Pa sicrwydd y gallwch ei roi bod gwirionedd a gwerth am arian canlyniadau a chostau prosiectau'n cael eu harfarnu'n briodol?*

**Ms Maxwell:** *To some extent, this is done by the fact that we have experienced staff. While WEF0 is relatively new, quite a number of staff came over from the Welsh European Programme Executive Ltd, and they already had quite a number of years' experience of working in this field. We were very interested to hear of the work that has been done in Cornwall and we feel that, while our existing system is adequate, it could be improved by doing something along those lines.*

**Ms Maxwell:** *I ryw raddau, fe wneir hynny gan fod gennym staff profiadol. Er bod WEF0 yn gymharol newydd, daeth cryn nifer o'r staff o Weithrediaeth Rhaglenni Ewropeaidd Cymru Cyf, ac yr oedd ganddynt gryn nifer o flynyddoedd o brofiad eisoes o weithio yn y maes hwn. Yr oedd o ddiddordeb mawr inni glywed am y gwaith a wnaed yng Nghernyw ac yr ydym yn teimlo, er bod ein system bresennol yn ddigonol, y gellid ei gwella drwy wneud rhywbeth tebyg.*

**[86] Val Lloyd:** *I do not want to take away from the expertise of the staff that you mentioned, and I am not in a position*

**[86] Val Lloyd:** *Nid wyf yn dymuno difrïo arbenigedd y staff a grybwyllwyd gennych, ac nid wyf mewn sefyllfa i*

*to do so, but it seems to me to be rather a subjective process. Do you intend to develop guidance on costs and outputs?*

*wneud hynny, ond ymddengys i mi ei bod yn broses oddrychol braidd. A ydych yn bwriadu datblygu canllawiau ar gostau ac allbynnau?*

**Ms Maxwell:** *Yes. We are going to have a look at what has been done in Cornwall and also in Merseyside and, I understand, in a number of other areas. We have spoken in the past to colleagues in Scotland and that work has been quite helpful as well.*

**Ms Maxwell:** *Ydym. Yr ydym am edrych ar yr hyn a wnaed yng Nghernyw a Glannau Mersi ac, yn ôl yr hyn yr wyf fi yn ei ddeall, sawl ardal arall. Yr ydym wedi siarad â chydweithwyr yn yr Alban yn y gorffennol a bu'r gwaith hwnnw'n eithaf defnyddiol hefyd.*

**[87] Val Lloyd:** *Thank you very much. I was going to ask about training, but I think that you have covered that already.*

**[87] Val Lloyd:** *Diolch yn fawr. Yr oeddwn am holi am hyfforddiant, ond credaf eich bod eisoes wedi trafod hynny.*

**[88] Dafydd Wigley:** *I will just pick up on one theme that is associated with the set of questions that Val has just put to you on appraisal and risk. Paragraph 4.37 states that, although WEF0 claimed that appraisal officers consider project risk, the NAO found*

**[88] Dafydd Wigley:** *Yr wyf am fynd ar drywydd un thema sy'n gysylltiedig â'r cwestiynau a ofynnwyd gan Val ar arfarnu a risg. Mae paragraff 4.37 yn nodi, er i WEF0 honni bod swyddogion arfarnu yn ystyried risg prosiectau, bod y SAG wedi dod o hyd i*

*'very little evidence of this from our review of project files.'*

*'ychydig iawn o dystiolaeth o hyn...yn ein hadolygiad o ffeiliau prosiectau.'*

*That seems to be fairly unacceptable. Is that also something that you are putting*

*Ymddengys fod hynny'n eithaf annerbyniol. A yw hyn yn rhywbeth yr*

right now?

ydych yn ei gywiro'n awr?

**Ms Maxwell:** Yes. I think that it is also fair to say that quite a number of the files that the NAO looked at were the early applications coming in. As I said before, this has been an ongoing process of improving the system. This is, again, part of the improvements that we are putting in. Again, there is a very clear message that files must be kept up to date and matters fully documented.

**Ms Maxwell:** Ydyw. Credaf ei bod hefyd yn deg dweud mai ceisiadau cynnar a dderbyniwyd oedd nifer o'r ffeiliau yr edrychodd y SAG arnynt. Fel y dywedais yn gynt, bu hon yn broses barhaus o wella'r system. Mae hyn, unwaith eto, yn rhan o'r gwelliannau sy'n cael eu gweithredu gennym. Unwaith eto, ceir neges glir iawn bod rhaid diweddarau ffeiliau a chofnodi materion yn llawn.

[89] **Dafydd Wigley:** Clearly that is so, because if something goes wrong at a future date, the question that will be immediately asked is 'was the risk assessed?' You need to have done that work, not only to cover yourself in that eventuality but, even more importantly, to ensure that that is considered when decisions are taken.

[89] **Dafydd Wigley:** Mae hynny'n amlwg, oherwydd petai rhywbeth yn mynd o'i le yn y dyfodol, y cwestiwn a fyddai'n cael ei ofyn ar unwaith fyddai 'a aseswyd y risg?' Mae angen ichi fod wedi gwneud y gwaith hwnnw, nid yn unig i fodloni'ch hunain petai hynny'n digwydd ond, yn bwysicach fyth, er mwyn sicrhau yr ystyrir hynny wrth benderfynu.

**Ms Maxwell:** I think that the staff are very well aware of that at the moment.

**Ms Maxwell:** Credaf fod y staff yn ymwybodol iawn o hynny ar hyn o bryd.

[90] **Dafydd Wigley:** Okay. Janice will ask the next questions.

[90] **Dafydd Wigley:** Iawn. Janice fydd yn gofyn y cwestiynau nesaf.

[91] **Janice Gregory:** Thank you, Chair.

[91] **Janice Gregory:** Diolch, Gadeirydd.

*Figure 11 on page 22 of the report shows that there are 11 stages to the Objective 1 application process—which is staggering in my opinion—with projects having to go through three working groups or committees prior to approval and, possibly, two rounds of consultation with other partnerships. Are you happy with this process? Do you have any plans to streamline it?*

**Mr Clarke:** *As I said earlier, I do not think that any process is incapable of being improved. We do not have any wholesale plans, such as to abolish half the partnerships or cut the process in half. However, I think that there is some streamlining that could be done to make it rather better. I guess that it is fair to say, in looking at figure 11, that the top part—stages one to seven, which are shaded in pink—perhaps gives a slightly false impression, in that what this chart is doing is showing the progress of a project from the initial stages when it is a gleam in someone's eye and the details are not too firm. So it perhaps looks slightly longer than it actually is. If there is already in existence a reasonably well formed project and a good business plan, then, as in the rest of life, things can proceed somewhat faster.*

*Mae ffigur 11 ar dudalen 23 yr adroddiad yn dangos bod 11 cam i broses ymgeisio Amcan 1—sy'n anhygoel yn fy marn i—a rhaid i brosiectau rygnu drwy dri gweithgor neu bwyllgor cyn derbyn cymeradwyaeth ac, efallai, dau gylch o ymgynghori â phartneriaethau eraill. A ydych yn fodlon â'r broses hon? A oes gennych unrhyw gynlluniau i'w symleiddio?*

**Mr Clarke:** *Fel y dywedais yn gynharach, credaf ei bod yn bosibl gwella unrhyw broses. Nid oes gennym unrhyw gynlluniau ar raddfa eang, megis cael gwared â hanner y partneriaethau neu haneru'r broses. Fodd bynnag, credaf fod modd symleiddio'r broses er mwyn ei gwella. Tybiaf ei bod yn deg dweud, wrth edrych ar ffigur 11, bod y rhan uchaf—camau un i saith, sydd wedi'u lliwio'n binc—efallai yn gamarweiniol, gan mai'r hyn y mae'r siart yn ei wneud yw dangos cynnydd prosiect o'r camau cyntaf pan mai dim ond egin yw'r syniad, heb fanylion cadarn. Felly efallai ei bod yn ymddangos ychydig yn hwy nag ydyw mewn gwirionedd. Os oes prosiect sydd wedi'i lunio'n rhesymol eisoes yn bodoli a chanddo gynllun busnes da, yna, fel mewn bywyd, gall pethau fynd rhagddynt ychydig yn gynt.*



[92] **Janice Gregory:** The consultation phases obviously add value to the process. What is your opinion of the quality of the responses received and how long does this consultation process take?

**Mr Clarke:** I will refer to my colleagues in a moment on this. I think that the responses vary in their quality. They are getting better as the team—the partnerships are a sort of team—gets better at team playing. Sheila has seen a lot of comments coming through on performance and so on. Do you have a view on this, Sheila?

**Ms Maxwell:** Yes. Some are very helpful, others are not. Perhaps I could say that one thing that has been considered by the partnership in terms of shortening the process is questioning the need for the second consultation process, which is the one before it goes to the strategy partnerships. I think that we are almost there now in saying that we can make it much shorter by not having that second process. However, having said that, we must be assured that the first one is done well.

[92] **Janice Gregory:** Yn amlwg, mae'r camau ymgynghori yn ychwanegu gwerth at y broses. Beth yw eich barn chi ynghylch ansawdd yr ymatebion a dderbynnir a pha mor hir yw'r broses ymgynghori hon?

**Mr Clarke:** Cyfeiriaf at fy nghydweithwyr yn y man ynghylch hyn. Credaf fod ansawdd yr ymatebion yn amrywio. Maent yn gwella wrth i'r tîm—mae'r partneriaethau'n rhyw fath o dîm—ddysgu sut i gydweithio'n well. Mae Sheila wedi gweld nifer o sylwadau ynghylch perfformiad ac yn y blaen. A oes gennych chi sylwadau ar hyn Sheila?

**Ms Maxwell:** Oes. Mae rhai yn ddefnyddiol dros ben, ac eraill ddim crystal. Efallai y gallwn grybwyll mai un peth a ystyriwyd gan y bartneriaeth ar gyfer cwtdgi'r broses, yw cwestiynu'r angen am yr ail broses ymgynghori, sef yr un cyn cyflwyno gerbron y partneriaethau strategaeth. Credaf ein bod bron â chyrraedd y nod yn awr drwy ddweud y gallwn gwtogi'r broses drwy gael gwarded â'r ail broses honno. Fodd bynnag, wedi dweud hynny, rhaid inni sicrhau bod y broses ymgynghori gyntaf

yn cael ei gwneud yn dda.

[93] **Janice Gregory:** You have partly answered the supplementary question that I have, but you may wish to add something, so I will ask it. Are there any plans to review how well the process is working? You have said that perhaps it would be better to disregard the second consultation process. Is that your opinion of what would be the best way to go forward with this?

**Ms Maxwell:** I think that we are taking on board these recommendations, but certainly that is one about which the partnerships themselves have not, in fact, come in with any adverse comments. They are doing a lot of development work now. There is a lot of interaction between the local partnerships and the regional partnerships. It is coming together very well indeed and, if it works at that level, there is less of a need to do it later on in the process. The situation that we would like to get to is that, by the time a full application comes into WEFO, it really does stand a very good chance of being supported.

[94] **Dafydd Wigley:** On that very point,

[93] **Janice Gregory:** Yr ydych wedi ateb rhan o'r cwestiwn atodol sydd gennyf, ond efallai y carech ychwanegu rhywbeth, felly fe'i gofynnaf. A oes unrhyw gynlluniau i adolygu pa mor dda y mae'r broses yn gweithio? Yr ydych wedi dweud y byddai'n well hepgor yr ail broses ymgynghori efallai. Ai hon yw'r ffordd orau o symud ymlaen gyda hyn yn eich barn chi?

**Ms Maxwell:** Credaf ein bod yn cadw'r argymhellion hyn mewn cof, ond yn sicr mae hwn yn un nad yw'r partneriaethau eu hunain wedi'i wrthwynebu. Maent yn gwneud llawer o waith datblygu'n awr. Mae llawer o ryngweithio rhwng y partneriaethau lleol a'r partneriaethau rhanbarthol. Mae'n dod at ei gilydd yn dda iawn ac, os bydd yn gweithio ar y lefel honno, ni fydd angen gwneud hynny gymaint yn nes ymlaen yn y broses. Y sefyllfa ddelfrydol i ni fyddai erbyn i'r cais llawn gyrraedd WEFO fod ganddo siawns dda iawn o dderbyn cefnogaeth.

[94] **Dafydd Wigley:** Ar yr union bwynt

if I may interrupt, is there any difference in approach, as you understand it, in the English regions on this—that projects are very much more developed before they are presented there, whereas you have to send them backwards and forwards?

**Ms Maxwell:** My understanding from English colleagues is that they try to achieve projects which are well developed. I am not familiar enough with the actual processes. However, I think that it is true for any system. One of the main reasons why it takes us a long time to appraise any application is because not all the pieces of the jigsaw are in place. If that can be done before it is actually put on the full application form, it really does make our lives so much easier and we can move those projects through very quickly.

[95] **Dafydd Wigley:** I think that it might be useful, in the context of the conversations that you have with the NAO team, particularly the people who have visited Cornwall and Merseyside, for there to be some feedback on this. No doubt you can establish direct links as well with those regions. If we can learn from them, we should never be too proud

hwnnw, os caf dorri ar eich traws, o'r hyn yr ydych yn ei ddeall, a oes unrhyw wahaniaeth yn null rhanbarthau Lloegr—bod prosiectau wedi datblygu ymhellach cyn eu cyflwyno yno, tra boch chithau'n gorfod eu hanfon yn ôl ac ymlaen?

**Ms Maxwell:** O'r hyn yr wyf fi'n ei ddeall gan fy nghydweithwyr yn Lloegr, maent yn ceisio cyflawni prosiectau sydd wedi'u datblygu ymhell. Nid wyf yn ddigon cyfarwydd â'r broses ei hun. Fodd bynnag, credaf fod hynny'n wir ar gyfer unrhyw system. Un o'r prif resymau dros y ffaith ei bod yn cymryd cyn hwyed inni arfarnu cais yw oherwydd nad yw holl ddarnau'r jig-so yn eu lle. Os gellir gwneud hynny cyn ei osod ar y ffurflen gais lawn, mae hynny'n gwneud ein bywydau ni cymaint yn haws a gallwn brosesu'r prosiectau hynny'n gyflym iawn.

[95] **Dafydd Wigley:** Credaf y gallai fod yn ddefnyddiol, yng nghyd-destun eich sgysiau â thîm y SAG, yn enwedig y bobl sydd wedi ymweld â Chernyw a Glannau Mersi, i gael ymateb ar hyn. Yn ddiau gallwch sefydlu cysylltiadau uniongyrchol â'r rhanbarthau hynny hefyd. Os gallwn ni ddysgu ganddynt, ni ddylem fod yn rhy falch i wneud hynny.

to do so. Perhaps they can learn from us as well. Sorry for interrupting you, Janice.

[96] **Janice Gregory:** That is not a problem. I think that all Assembly Members who are involved in any type of Objective 1 conversation in their constituencies will know that one of the biggest criticisms is of the time that it takes to process applications. You have been very frank about what you need to know and what the process is. However, it is a cause of criticism out there. Paragraph 4.41 indicates that WEFO usually takes longer than its 90-day target to appraise the projects. Are you taking any practical measures to reduce the time that it takes to process applications?

**Mr Clarke:** We believe that our processing times are getting faster and, with the amendments to the process that Sheila has in mind, I think that they will speed up further. As the report makes clear, the time taken to approve projects is certainly no worse than you would find anywhere else in the United Kingdom. We can do them extremely quickly. I know that we approved a ESF project in 35 days because it was clearly expressed

Efallai y byddai modd iddynt hwythau ddysgu gennym ni. Mae'n ddrwg gennyf am dorri ar eich traws, Janice.

[96] **Janice Gregory:** Dim o gwbl. Credaf fod holl Aelodau'r Cynulliad sy'n ymwneud ag unrhyw fath o drafodaeth ar Amcan 1 yn eu hetholaethau'n gwybod bod un o'r prif feirniadaethau'n ymwneud â'r amser a gymerir i brosesu ceisiadau. Yr ydych wedi bod yn agored iawn am yr hyn sydd angen i chi ei wybod a beth yw'r broses. Fodd bynnag, mae'n ennyn beirniadaeth ar lawr gwlad. Mae paragraff 4.41 yn nodi bod WEFO fel rheol yn cymryd mwy na'i tharged o 90 diwrnod i arfarnu'r prosiectau. A ydych yn cymryd unrhyw gamau ymarferol i fyrhau'r amser a gymerir i brosesu ceisiadau?

**Mr Clarke:** Credwn fod ein hamseroedd prosesu'n cyflymu a, chyda'r diwygiadau i'r broses y cyfeiriodd Sheila atynt, credaf y byddant yn gwella eto. Fel yr eglura'r adroddiad, nid yw'r amser a gymerir i arfarnu prosiectau'n ddim gwaeth nag amser unman arall yn y Deyrnas Unedig. Gallwn eu gwneud yn gyflym iawn. Gwn ein bod wedi cymeradwyo prosiect ESF mewn 35 diwrnod oherwydd y'i mynegwyd yn glir

and was a good project, and it went through very quickly. As the report states, our average time is 103 days, against a target of 90. There is definitely room for improvement in that and we are constantly striving to achieve a much better turnaround time.

[97] **Janice Gregory:** I am delighted to hear that.

**Mr Clarke:** Speaking as someone who comes from the private sector, I think that even 90 days is far too long. I used to give people loans in 24 hours. Mind you, whether I got them back was another matter. [*Laughter.*]

[98] **Dafydd Wigley:** You had better not pursue that avenue too much.

[99] **Janice Gregory:** No, we will not pursue that avenue. Obviously, you have recognised—and I assume that you did not need the NAO to tell you this—that this is a cause for concern out on the streets. Are you monitoring these appraisal times? Is there continuous

ac yr oedd yn brosiect da, ac aeth drwy'r broses yn gyflym iawn. Fel y nodir yn yr adroddiad, 103 diwrnod yw'r amser a gymerir gennym ar gyfartaledd, o'i gymharu â'r nod, sef 90. Yn sicr, mae gennym le i wella ac yr ydym yn ymdrechu'n gyson i gyflawni amser llawer gwell.

[97] **Janice Gregory:** Yr wyf wrth fy modd yn clywed hynny.

**Mr Clarke:** A siarad fel rhywun a ddaeth o'r sector preifat, credaf fod hyd yn oed 90 diwrnod yn rhy hir o lawer. Yr oeddwn yn arfer gallu rhoi benthyciadau i bobl cyn pen 24 awr. Cofiwch chi, mater arall oedd a'u cefais yn ôl ai peidio. [*Chwerthin.*]

[98] **Dafydd Wigley:** Byddai'n well ichi beidio â mynd ar y trywydd hwnnw ormod.

[99] **Janice Gregory:** Na, nid awn ni ar y trywydd hwnnw. Yn amlwg, yr ydych wedi cydnabod—a thybiaf nad oedd angen y SAG arnoch i ddweud hyn wrthy ch—fod hwn yn achos pryder ar lawr gwlad. A ydych yn monitro'r amseroedd arfarnu hyn? A yw hyn yn

monitoring of this?

cael ei fonitro'n barhaus?

**Mr Clarke:** Yes, there is, and when our new computer system is up and running, we will have a much more automatic feed on that. It is fairly manual at present.

**Mr Clarke:** Ydyw, a phan fydd ein system gyfrifiadurol newydd ar waith bydd gennym fodd i gasglu'r wybodaeth honno fel mater o drefn. Mae hyn yn cael ei wneud â llaw gan mwyaf ar hyn o bryd.

[100] **Janice Gregory:** Will that all be part of the new computer system? It will be a wonderful all-singing, all-dancing computer system by the sound of it.

[100] **Janice Gregory:** A fydd hynny i gyd yn rhan o'r system gyfrifiadurol newydd? Mae'n ymddangos y bydd hon yn system gyfrifiadurol sy'n gwneud popeth yn ôl eich disgrifiad.

**Mr Gray:** What it will do is that it will give us the advantage of being able to put an application into the system at a very early stage and then track it through. If we are tracking it through, then we can use the database to analyse and see how long things are taking and where in the organisation the hold-ups might be.

**Mr Gray:** Bydd yn rhoi'r fantais i ni o allu bwydo'r cais i mewn i'r system ar gam cynnar iawn ac yna dilyn ei drywydd. Os ydym yn dilyn ei drywydd, gallwn ddefnyddio'r gronfa ddata i ddadansoddi a chanfod pa mor hir y mae pethau'n ei gymryd ac ym mhle yn y gyfundrefn y gallai'r oedi fod.

[101] **Janice Gregory:** We mentioned project development times earlier, and I asked you a question about it. There are applicants, and people, who have wonderful ideas but have difficulty in knowing how to take them forward. That is where we hope all our local

[101] **Janice Gregory:** Yr oeddem wedi sôn am amseroedd datblygu prosiectau yn gynharach, a gofynnais gwestiwn i chi am hynny. Mae gennym ymgeiswyr, a phobl, sydd â syniadau gwych ond nad ydynt yn gwybod sut i wireddu'r syniadau hyn. Dyna'r lle y gobeithiwn y

partnerships come into play. Do you believe that there is any mileage in being able to monitor the time it takes from a project being a gleam in someone's eye to it actually coming to fruition, albeit that the appraisal is up to you? Would it be helpful? It would certainly be helpful for us at the National Assembly, but would it be helpful for you?

**Mr Clarke:** I think that it would, up to a point, and it is certainly something that we could take up in our discussions with the secretariat of the local partnerships. If I recall it correctly, the gleam-in-the-eye projects, if you like, are dealt with on a short proforma basis. The proformas move around the system. One thing that I think that we could well explore with local secretariats is collating the progress of those proformas, because there is no doubt that the pre-application phase is the most important phase of the lot. I know that that was confirmed in evidence to the Welsh Affairs Select Committee by our counterparts in England. So I think, yes, that is a good point, and we will pursue it with local secretariats.

bydd ein holl bartneriaethau lleol yn cymryd rhan. A ydych yn credu y byddai'n werthfawr gallu monitro'r amser a gymerir rhwng person yn cael egin syniad da a phrosiect yn dwyn ffrwyth, er mai chi sy'n gyfrifol am yr arfarniad? A fyddai hynny'n ddefnyddiol? Byddai hynny'n sicr yn ddefnyddiol i ni yn y Cynulliad Cenedlaethol, ond a fyddai hynny'n ddefnyddiol i chi?

**Mr Clarke:** Credaf y byddai hynny'n ddefnyddiol i ryw raddau, ac yn sicr mae hyn yn rhywbeth y gallwn ei drafod ag ysgrifenyddiaeth y partneriaethau lleol. Os wyf yn cofio'n iawn, mae'r prosiectau egin syniadau yn cael eu trafod ar sail *proforma* byr. Mae'r *pro-formas* yn symud o gwmpas y system. Un peth y byddai modd inni ei archwilio gyda'r ysgrifenyddiaethau lleol yw casglu gwybodaeth am hynt y *proformas* hynny, gan nad oes amheuaeth mai'r cam cyn cyflwyno'r cais yw'r cam pwysicaf un. Gwn fod hynny wedi'i gadarnhau mewn tystiolaeth i'r Pwyllgor Dethol ar Faterion Cymreig. Felly, credaf fod hwnnw'n bwynt da a byddwn yn mynd ar ei drywydd gyda'r ysgrifenyddiaethau lleol.

[102] **Janice Gregory:** I am heartened by that. This is my last question on this section. The results of the NAO Wales survey showed that applicants were also very concerned about the amount of information required on the application form. That is something that has been conveyed to me. What do you think can be done to allay these concerns and to address them? Do business plans and shorter application forms, as suggested in paragraph 4.46 of the Auditor General's report, offer a way forward?

**Mr Clarke:** Yes, we believe that they do and we will be looking at the scope for simplifying the information requirements. I need not go through it; the report does say that there are pluses and minuses to that approach, but it is one that we certainly intend to explore.

[103] **Dafydd Wigley:** I would like to finish this section before we take a break. Eleanor has some questions.

[104] **Eleanor Burnham:** Yes, thank you. Ireland is often cited as having the best practice for maximising these

[102] **Janice Gregory:** Mae hynny'n galonogol iawn. Hwn yw fy nghwestiwn olaf yn yr adran hon. Yr oedd canlyniadau arolwg SAG Cymru yn dangos bod ymgeiswyr yn bryderus iawn hefyd ynghylch faint o wybodaeth yr oedd ei hangen ar y ffurflen gais. Tynnwyd fy sylw at hyn. Beth ydych yn meddwl y byddai modd ei wneud i liniaru'r pryderon hyn a rhoi sylw iddynt? A yw cynlluniau busnes a ffurflenni cais byrrach, fel yr awgrymir ym mharagraff 4.46 adroddiad yr Archwilydd Cyffredinol, yn cynnig ffordd ymlaen?

**Mr Clarke:** Ydynt, credwn eu bod a byddwn yn edrych ar faint o le sydd i symleiddio'r gofynion gwybodaeth. Nid oes angen imi fynd drwy hynny; mae'r adroddiad yn nodi bod manteision ac anfanteision i'r dull hwnnw, ond yn sicr mae'n un yr ydym yn bwriadu ei archwilio.

[103] **Dafydd Wigley:** Hoffwn ddod â'r adran hon i ben cyn inni gymryd egwyl. Mae gan Eleanor rai cwestiynau.

[104] **Eleanor Burnham:** Oes, diolch. Yr ydym yn aml yn troi tuag at Iwerddon am enghreifftiau o'r arfer gorau wrth



European structural funds. At the last meeting of the North Wales Economic Forum, we had a presentation from Professor Dylan Jones-Evans; I believe that that was his name. He was talking about improving gross domestic product in Wales and he mentioned that lifestyle companies, where they probably have at least five employees, will be particularly needed if the Assembly targets for growth and GDP are to be achieved within the next eight years. It seems to me, as I have previously mentioned, that the Confederation of British Industry and private business are in some discomfort when it comes to the complexities of these applications. When it comes to guidance for applicants, do you plan to adopt the approach proposed in paragraph 4.50, which refers to having a simple starter pack? That, from my experience covering the whole of north Wales, is the crux of the matter.

**Mr Clarke:** Yes, in broad terms, we do. Through the medium of our private sector unit, we have, as you may know, already translated an awful lot of euro-speak into plain language. You will have probably seen our blue-coloured books in that regard. Indeed, as Sheila mentioned, our approach to blueprint projects and the commissioning that goes with it, again

fanteisio i'r eithaf ar y cronfeydd strwythurol Ewropeaidd hyn. Yng nghyfarfod diwethaf Fforwm Economaidd Gogledd Cymru, cawsom gyflwyniad gan yr Athro Dylan Jones-Evans; credaf mai dyna oedd ei enw. Yr oedd yn siarad am wella cynnyrch mewnwladol crynswth yng Nghymru a soniodd y bydd gwir angen cwmnïau 'ffordd-o-fyw', gydag o leiaf pump o weithwyr mae'n debyg, os bydd targedau'r Cynulliad ar gyfer twf a CMC yn cael eu cyflawni ymhen yr wyth mlynedd nesaf. Ymddengys i mi, fel yr wyf eisoes wedi'i grybwyll, fod Cydffederasiwn Diwydiant Prydain a busnesau preifat yn anghyfforddus wrth drafod cymhlethdodau'r ceisiadau hyn. O ran canllawiau i ymgeiswyr, a ydych yn bwriadu mabwysiadu'r dull a gynigir ym mharagraff 4.50, sy'n cyfeirio at becyn syml i ddechrau? O'm profiad i, ar draws y Gogledd, hyn yw craidd y mater.

**Mr Clarke:** Ydym, yn gyffredinol. Drwy gyfrwng ein huned sector preifat, yr ydym, fel y gwyddoch efallai, eisoes wedi troi llawer iawn o jargon Ewropeaidd yn iaith syml. Mae'n debyg eich bod eisoes wedi gweld ein llyfrau lliw glas i'r perwyl hwn. Yn wir, fel y dywedodd Sheila, mae gan ein dull gweithredu tuag at brosiectau glasbrint

has a simplifying effect because we are taking the projects to the private sector and saying, 'Look, here it is, this is what we think you can do'. We have filled in some of the blanks, if you like, for it.

[105] **Eleanor Burnham:** What about information and communications technology? It seems to me that there is a huge difficulty with regard to time if we are two years down the line and we do not have the ICT properly set up yet. How can people access information on the website? I presume, at the moment, from what you said earlier, that they cannot. Is that right, Phil?

**Mr Gray:** No, we are talking about two separate issues.

[106] **Eleanor Burnham:** I beg your pardon. We will stick to this then. I have obviously misunderstood. Paragraph 4.52 of the report explains how the use of key funds to cover specific activities has the potential to shorten and simplify the process for an applicant and to facilitate access to match funding. However, as I

a'r comisiynu sydd law yn llaw â hynny, unwaith eto effaith symleiddio oherwydd ein bod yn mynd â'r prosiectau at y sector preifat ac yn dweud 'Edrychwch, dyma ef, dyma beth yr ydym yn meddwl y gallwch chi ei wneud'. Yr ydym wedi llanw rhai o'r bylchau gwag ar ei gyfer, fel petai.

[105] **Eleanor Burnham:** Beth am dechnoleg gwybodaeth a chyfathrebu? Ymddengys fod anhawster mawr o ran amser os na fyddwn wedi sefydlu TGCh yn iawn ymhen dwy flynedd. Sut y gall pobl gael gafael ar wybodaeth ar y wefan? Tybiaf, ar hyn o bryd, o'r hyn a ddywedasochn yn gynharach, nad oes modd i bobl wneud hynny. A yw hynny'n iawn, Phil?

**Mr Gray:** Nac ydyw, yr ydym yn sôn am ddau fater gwahanol.

[106] **Eleanor Burnham:** Mae'n ddrwg gennyf. Arhoswn ni ar hyn felly. Mae'n amlwg fy mod wedi camddeall. Mae paragraff 4.52 yr adroddiad yn egluro sut y gallai defnyddio cronfeydd allweddol ar gyfer gweithgareddau penodol gwtogi a symleiddio'r broses ar gyfer ymgeisydd a hwyluso cael gafael ar arian cyfatebol.

read it, that causes difficulty, does it not, the drawback being that, by introducing an intermediary, the period between commitment and spend is lengthened, which increases the risk that we could lose funding through decommitment? Can you comment on that or do you not agree with it? It is paragraph 4.52 on page 37 of the report.

**Ms Maxwell:** May I explain this? A key fund is a bit like a grant scheme and the true key funds are 100 per cent funded, which makes them much easier for small bodies to access. I think that the point that is made is that, as with any grant scheme, the spend counts when the grant applicants have spent their money. So, you have a pot of money and you then give it out in grants. It is only when that applicant has spent the money that it counts as spend. So, it does not give you a quick spend; it takes time for that to come through the system. When the grant applicants have spent the money, then the local authority, or whoever is operating the key fund, can put in a claim to WEFO. So, there is a time delay.

Fodd bynnag, fel yr wyf fi'n ei ddeall, mae hynny'n achosi anhawster, onid yw hynny yn wir, yr anfantais yw, drwy gyflwyno cyfryngwr, bydd y cyfnod rhwng ymrwymo a gwario'n hwy, sy'n cynyddu'r risg o golli cyllid drwy ddadymrwymo? A allwch roi sylwadau ar hynny neu a ydych yn anghytuno â hynny? Paragraff 4.52 ar dudalen 39 yr adroddiad.

**Ms Maxwell:** A allaf fi egluro hyn? Mae cronfa allweddol yn debyg i gynllun grant a chyllidir y gwir gronfeydd allweddol 100 y cant, sy'n golygu ei bod yn haws i gyrff bach gael gafael arnynt. Credaf mai'r pwynt a wneir yw y cyfrifir y gwariant, fel gydag unrhyw gynllun grant, ar ôl i'r ymgeiswyr am y grant wario eu harian. Felly, mae gennych botaid o arian ac yr ydych yn ei rannu drwy grantiau. Dim ond pan fydd yr ymgeisydd wedi gwario'r arian y caiff ei ystyried fel gwariant. Felly, nid yw hynny'n rhoi gwariant cyflym i chi; mae'n cymryd amser i hynny ddod drwy'r system. Pan fydd yr ymgeiswyr am grantiau wedi gwario'r arian, bydd yr awdurdod lleol, neu bwy bynnag sy'n gweithredu'r gronfa allweddol yn gallu anfon cais i WEFO. Felly, ceir oedi.

[107] **Eleanor Burnham:** Okay, but we are always assuming that it is the local authority that will make the claim, which highlights the point that I was making about private businesses and that they are finding access difficult.

**Ms Maxwell:** Yes, but I think the point that is being made here is that the actual claim to WEFO will be later than if the money was going directly to the applicants.

**Mr Clarke:** If I may add to that, Chair, we do regard key funds as a very important way of getting the money to where it is most needed with the minimum of bureaucracy. We have more in mind, particularly in the priority 3 communities.

[108] **Eleanor Burnham:** Right, and you are talking about the voluntary sector?

**Mr Clarke:** Yes, the voluntary sector.

[109] **Eleanor Burnham:** Okay. In fact, the query that I had a couple of weeks ago was in that sphere. What about the question of introducing project

[107] **Eleanor Burnham:** Iawn, ond yr ydym bob amser yn tybio mai'r awdurdod lleol fydd yn cyflwyno'r cais, sy'n tanlinellu fy mhwynt ynghylch busnesau preifat a'u bod yn ei chael yn anodd cael gafael ar arian.

**Ms Maxwell:** Ie, ond credaf mai'r pwynt dan sylw yw y bydd y cais a gyflwynir i WEFO yn hwyrach na phetai'r arian yn mynd yn uniongyrchol i'r ymgeiswyr.

**Mr Clarke:** Os caf ychwanegu at hynny, Gadeirydd, yr ydym yn ystyried cronfeydd allweddol fel ffordd bwysig iawn o sicrhau bod arian yn cyrraedd y mannau sydd ei angen fwyaf gyda chyn lleied â phosibl o fiwrocratiaeth. Mae gennym ragor ar y gweill, yn enwedig mewn cymunedau blaenoriaeth 3.

[108] **Eleanor Burnham:** Iawn, ac yr ydych yn sôn am y sector gwirfoddol?

**Mr Clarke:** Ydwyf, y sector gwirfoddol.

[109] **Eleanor Burnham:** Iawn. Mewn gwirionedd, yr oedd yr ymholiad a oedd gennyf ychydig o wythnosau'n ôl yn ymwneud â hynny. Beth am y cwestiwn

commissioning, as mentioned in paragraph 4.53? Do you agree that project commissioning might help engage the private sector in particular?

**Mr Clarke:** Yes, we do.

[110] **Eleanor Burnham:** In which areas of the programme do you envisage this working, and how?

**Mr Clarke:** I think that it is priority 1, is it, Sheila, for commissioning—?

**Ms Maxwell:** Well, in terms of the private sector, what we will be looking at will be the blueprint projects that I was talking about earlier. We are currently identifying those areas where they may be applicable. However, I think that, if we are talking in broader terms about project commissioning, where it actually has worked quite well is in terms of identifying projects at the outset. If you look at the strategic sites and premises measure in the programme, through a great deal of hard work by the sub-regional partnerships we have now identified a number of projects—they have not come in to us at all, this has just

ynghylch cyflwyno comisiynu prosiectau, fel a grybwyllir ym mharagraff 4.53? A ydych yn cytuno y gallai comisiynu prosiectau helpu efallai i gynnwys y sector preifat yn benodol?

**Mr Clarke:** Ydym.

[110] **Eleanor Burnham:** Ym mha feysydd o'r rhaglen yr ydych yn rhagweld y bydd hyn yn gweithio, a sut?

**Mr Clarke:** Credaf mai blaenoriaeth 1 ydyw, ie Sheila, ar gyfer comisiynu—?

**Ms Maxwell:** Wel, o ran y sector preifat, byddwn yn edrych ar y prosiectau glasbrint yr oeddwn yn sôn amdanynt yn gynharach. Ar hyn o bryd yr ydym yn edrych ar y meysydd hynny lle y gallant fod yn gymwys. Fodd bynnag, credaf os ydym yn siarad yn fwy cyffredinol am gomisiynu prosiectau, mae hynny wedi gweithio'n eithaf da o ran nodi prosiectau o'r cychwyn cyntaf. Os edrychwch ar fesur safleoedd ac adeiladau strategol y rhaglen, drwy lawer iawn o waith gan y partneriaethau is-ranbarthol yr ydym yn awr wedi nodi nifer o brosiectau—nid ydynt wedi ein cyrraedd o gwbl, dim ond y partneriaethau yn gweithio ar yr hyn a

been the partnerships working on what they feel are priorities for their areas—in north Wales and south-east Wales for which we have told applicants, ‘put in your application forms’. That means that a great deal of unnecessary work on the part of applicants has been avoided because those people know that, if the application stacks up, that project will go ahead. Similar work is being carried out for the transport measure where, in fact, the strategy partnerships have recently identified £34 million worth of either exact projects or activities that will definitely be supported. It then makes it much easier for applicants to identify either with the activity or the project.

[111] **Eleanor Burnham:** Thank you, Chair.

[112] **Dafydd Wigley:** Good. We will now have a short break.

Cafwyd egwyl rhwng 3.26 p.m. a 3.37 p.m.

*A break was held between 3.26 p.m. and 3.37 p.m.*

[113] **Dafydd Wigley:** We now move on to issues relating to monitoring, control

ystyrir ganddynt yn flaenoriaethau ar gyfer eu hardaloedd yw hyn—yn y Gogledd a’r De-ddwyrain lle’r ydym wedi dweud wrth ymgeiswyr, ‘anfonwch eich ffurflenni cais i mewn’. Mae hynny wedi golygu bod modd osgoi llawer iawn o waith dianghenraid ar ran yr ymgeiswyr oherwydd bod y bobl hynny’n gwybod os yw’r cais yn tyfu, y bydd y prosiect yn mynd yn ei flaen. Mae gwaith tebyg yn cael ei wneud ar gyfer y mesur trafniadaeth ac, mewn gwirionedd, mae’r partneriaethau strategaeth wedi nodi yn ddiweddar gwerth £34 miliwn o un ai prosiectau manwl neu weithgareddau a fydd yn sicr o dderbyn cefnogaeth. Mae felly’n llawer haws i ymgeiswyr uniaethu â naill ai’r gweithgaredd neu’r prosiect.

[111] **Eleanor Burnham:** Diolch, Gadeirydd.

[112] **Dafydd Wigley:** Da iawn. Cawn egwyl fer yn awr.

[113] **Dafydd Wigley:** Yr ydym yn awr yn symud ymlaen at faterion sy’n

and evaluation. I will start with the financial control of projects. Paragraph 4.66 of the report refers to an inconsistency in the scope of work that auditors are asked to do on grant claims, and the adequacy of guidance and background information provided to them. The audit process is key to ensuring that European financial control requirements are met—I am sure that you are more than aware of that. What assurance can you give that projects are being audited to consistent standards and that all material issues are being addressed?

**Mr Clarke:** Phil, would you like to step in on that straight away?

**Mr Gray:** There are quite a lot of levels to the audit process in this field. There are two primary areas that we have to address. One is at the level of claim audit. That is where we are seeking an assurance that the information on the claim that comes to us to enable us to pay out public money is correct. Those assurances come, in the large part, from the public sector auditors, particularly the NAO, wearing a different hat, and also the district audit service and, to a much

ymwneud â monitro, rheoli a gwerthuso. Dechreuaf drwy edrych ar reoli prosiectau'n ariannol. Mae paragraff 4.66 yr adroddiad yn cyfeirio at anghysondeb ynglyn â chwmpas y gwaith y gofynnir i archwilwyr ei wneud ar geisiadau grant, a digonolrwydd y canllawiau a'r gwybodaeth gefndirol a ddarperir iddynt. Mae'r broses archwilio'n allweddol er mwyn sicrhau y bodlonir y gofynion rheoli ariannol Ewropeaidd—yr wyf yn sicr eich bod yn ymwybodol iawn o hynny. Pa sicrwydd y gallwch ei roi bod prosiectau'n cael eu harchwilio at safonau cyson a bod yr holl faterion perthnasol yn derbyn sylw?

**Mr Clarke:** Phil, a hoffech chi gamu i mewn ar y pwynt hwn yn syth?

**Mr Gray:** Mae llawer iawn o lefelau yn perthyn i'r broses archwilio yn y maes hwn. Rhaid inni roi sylw i ddau brif faes. Ar y lefel archwilio cais y mae'r cyntaf. Dyna lle y byddwn yn ceisio sicrwydd bod y wybodaeth am y cais a dderbyniwn er mwyn ein galluogi i dalu arian cyhoeddus yn gywir. Gan amlaf, daw'r sicrwydd hwnnw gan archwilwyr y sector cyhoeddus, yn enwedig y SAG, sy'n gwisgo het wahanol, a'r gwasanaeth archwilio dosbarth hefyd ac, o bryd i'w

lesser extent, private sector auditors. We are currently working with colleagues in England in order to improve the consistency of approach, because the report is quite right in pointing out that there is a difference between the policies adopted by the different funds and the different auditors. We have looked closely at this and we are satisfied that nothing significant is missing. However, there is always a danger that, if the message is being put across in a slightly different way to different audiences, we could miss a trick, so it is important to follow up this recommendation, which we shall do.

[114] **Dafydd Wigley:** The recommendation relates particularly to the background information provided to auditors, does it not? So will you be taking that on board, as well as the recommendation that is made in the report that auditors are alerted to common risks and that testing programmes are consistent and comprehensive?

**Mr Gray:** Yes. We are also building in further feedback loops from the work that our own audit team does as well. The

gilydd, archwilwyr y sector preifat. Ar hyn o bryd yr ydym yn gweithio gyda chydweithwyr yn Lloegr er mwyn gwella cysondeb ein dull gweithredu oherwydd bod yr adroddiad yn llygad ei le wrth dynnu sylw at y gwahaniaeth rhwng y polisiau a fabwysiadwyd gan y gwahanol gronfeydd a'r gwahanol archwilwyr. Yr ydym wedi edrych yn ofalus ar hyn ac yr ydym yn fodlon nad oes unrhyw beth sylweddol ar goll. Fodd bynnag, mae'r perygl bob amser yn bodoli petai'r neges yn cael ei gyfleu mewn ffordd ychydig yn wahanol gerbron cynulleidfaoedd gwahanol, y gallem fethu rhywbeth, felly mae'n bwysig mynd ar drywydd yr argymhelliad hwn, a byddwn yn gwneud hynny.

[114] **Dafydd Wigley:** Mae'r argymhelliad yn ymwneud yn benodol â'r wybodaeth gefndirol a ddarparwyd i archwilwyr, onid yw hyn yn wir? Felly a fyddwch yn cadw hyn mewn cof, yn ogystal â'r argymhelliad sydd yn yr adroddiad y caiff sylw archwilwyr ei dynnu at risgiau cyffredin a bod rhaglenni profi yn gyson ac yn gynhwysfawr?

**Mr Gray:** Byddwn. Yr ydym hefyd yn ymgorffori rhagor o ddolenni adborth o waith ein tîm archwilio ein hunain. Ail



second strand to this is the work of our own financial control audit team.

[115] **Dafydd Wigley:** Paragraph 4.67 draws attention to the problems encountered by the Auditor General for Wales in verifying project claims as part of his financial work. It refers to:

‘the failure of grant recipients to document project spend adequately.’

WEFO’s own financial control team has encountered a variety of problems in its work on claims under the 1994-99 programmes, leading it to disallow some claims. How serious are these problems, why have they arisen, and how does WEFO intend to address them?

**Mr Gray:** They are serious, and it is quite worrying. We are looking in the main here at public sector bodies, which are subject to a public sector audit regime. We are talking about local authorities, Assembly sponsored public bodies—even the charities are nevertheless subject to similar public

haen y gwaith hwn yw gwaith ein tîm archwilio rheoli ariannol ein hunain.

[115] **Dafydd Wigley:** Mae paragraff 4.67 yn tynnu sylw at y problemau a wynebwr gan Archwilydd Cyffredinol Cymru wrth ddilysu ceisiadau prosiectau fel rhan o’i waith ariannol. Mae’n cyfeirio at:

‘fethiant y rhai sy’n cael grant i ddogfennu gwariant y prosiect mewn modd digonol’

Mae tîm rheoli ariannol WEFO ei hun wedi wynebu amrywiaeth o broblemau yn ei waith gyda cheisiadau dan raglenni 1994-99, a arweiniodd at wrthod rhai ceisiadau. Pa mor ddifrifol yw’r problemau hyn, beth sydd wedi’u hachosi, a sut y mae WEFO yn bwriadu rhoi sylw iddynt?

**Mr Gray:** Maent yn ddifrifol, ac mae hyn yn achosi cryn bryder. Yn bennaf, yr ydym yn edrych ar gyrff y sector cyhoeddus, sy’n gaeth wrth drefn archwilio’r sector cyhoeddus. Yr ydym yn sôn am awdurdodau lleol, gyrff cyhoeddus a noddwr gan y Cynulliad—mae elusennau hyd yn oed yn gaeth wrth

sector audit regimes. It is quite worrying that organisations of this sort, which really ought to know how to maintain their records and how to make their claims properly, are not doing so. The NAO has raised quite a number of issues through its own audit work. We obviously have a role here, which is twofold. On the one hand we need to rely on the auditors to assure us that it is safe to release public money. On the other hand we have a concern that our wider customer base—the partnership—understand these complex regulations. I think, as I say, that it is reasonable to expect the ASPBs and the local authorities to have professional staff in place to be able to cope with these regulations, but clearly there is also a role for us in helping project sponsors, particularly some of the smaller bodies, to ensure that they understand what is required.

[116] **Dafydd Wigley:** What is the ultimate sanction?

**Mr Gray:** It depends on the nature of the offence. Certainly we have the power to decommit a project; in other words, to

drefniadau archwilio sector cyhoeddus tebyg. Mae'n peri cryn bryder nad yw hyn yn cael ei wneud gan sefydliadau o'r math hwn, a ddylai wybod sut i gynnal eu cofnodion a chyflwyno eu ceisiadau yn iawn mewn gwirionedd. Mae'r SAG wedi codi nifer o faterion drwy ei gwaith archwilio ei hun. Yn amlwg, mae gennym swyddogaeth yn hyn o beth ac mae dwy haen i'r swyddogaeth honno. Ar un llaw mae angen inni ddibynnu ar yr archwilwyr i sicrhau ei bod yn ddiogel rhyddhau arian cyhoeddus. Ar y llaw arall yr ydym yn pryderu bod ein sylfaen cwsmeriaid ehangach—y bartneriaeth—yn deall y rheoliadau cymhleth hyn. Credaf, fel y dywedais, ei bod yn rhesymol disgwyl i'r cyrff cyhoeddus a noddir gan y Cynulliad a'r awdurdodau lleol gyflogi staff proffesiynol er mwyn ymdopi â'r rheoliadau hyn, ond yn amlwg mae gennym ninnau swyddogaeth i helpu noddwyr y prosiectau, yn enwedig rhai o'r cyrff llai, er mwyn sicrhau eu bod yn deall yr hyn sy'n ofynnol.

[116] **Dafydd Wigley:** Beth yw'r gosb eithaf?

**Mr Gray:** Mae hynny'n dibynnu ar natur y drosedd. Yn sicr mae'r pŵer gennym i ddadymrwymo prosiect; mewn geiriau

cancel a project altogether. We have the power to claw back an element of the grant that has already been paid or to pay no further grant. We would only really do that in very exceptional circumstances, perhaps where fraud or something like that was involved. Generally speaking, we are talking about a level of mismanagement that needs to be sorted out rather than necessarily anything that has a fundamental problem attached to it.

[117] **Dafydd Wigley:** Good. Alison, do you have some questions?

[118] **Alison Halford:** Thank you, Chair. Mr Clarke, paragraph 4.68 states that the work of your financial control team on payments from previous programmes has been delayed, and that the team does not expect to start work on new programmes until 2003. Meanwhile—just to keep the paragraphs flowing—paragraph 4.67 reports that the annual audit on ESF projects has been suspended across the United Kingdom. We were told that by the Permanent Secretary. Does this not raise the risk that the problem just discussed will not be brought to light in good time, creating delays and, obviously, leading to the possible recoveries of grant?

eraill, diddymu prosiect yn gyfan gwbl. Mae'r pŵer gennym i adfachu elfen o'r grant sydd eisoes wedi'i thalu neu i beidio â thalu rhagor o'r grant. Dim ond mewn amgylchiadau eithriadol y byddem yn gwneud hynny a dweud y gwir, efallai pe canfyddid twyll neu rywbeth felly. Yn gyffredinol, yr ydym yn edrych ar lefel o gamreolaeth sydd angen ei ddatrys yn hytrach na rhywbeth sydd â phroblem sylfaenol ynghlwm wrtho.

[117] **Dafydd Wigley:** Da iawn. Alison, a oes gennych chi rai cwestiynau?

[118] **Alison Halford:** Diolch, Gadeirydd. Mr Clarke, mae paragraff 4.68 yn nodi bod gwaith eich tîm rheoli ariannol ar daliadau o raglenni blaenorol wedi'i oedi, ac nad yw'r tîm yn disgwyl dechrau gweithio ar y rhaglenni newydd tan 2003. Yn y cyfamser—dim ond i gadw'r paragraffau'n llifo—mae paragraff 4.67 yn nodi bod yr archwiliad blynyddol ar brosiectau ESF wedi'i ohirio ledled y Deyrnas Unedig. Yr Ysgrifennydd Parhaol a ddywedodd hynny wrthym. Onid yw hyn yn peri'r risg na ddaw'r broblem yr ydym newydd ei thrafod i'r amlwg mewn da bryd, gan greu oedi ac, yn amlwg, arwain at adfer grantiau o bosibl?

**Mr Clarke:** Touching first on the point raised, as you say, by the Permanent Secretary, he explained why there was this temporary suspension. It is a source of concern to us, and the suspension will continue, I think, until the end of this month, when we aim to reimpose those certificates. Discussions are in course at the moment with accounting bodies and the Audit Commission with a view to getting the wording right and the brief right for those certificates, so they will be coming back.

[119] **Alison Halford:** Do you have any comment on the fact that your financial control team will not be working on new programmes until 2003?

**Mr Clarke:** We would certainly, I think, have liked to have started a little bit earlier. We had inherited a backlog of work on the old programmes. It is fair to say that the payments often follow on quite a long time after the commitment. We have about £80 million of payments made under Objective 1 at the moment, and we should be able to catch up reasonably quickly. I do not know whether Phil would like to comment on

**Mr Clarke:** Gan edrych yn gyntaf ar y pwynt a gododd yr Ysgrifennydd Parhaol, fel y dywedasoch, rhoddodd esboniad dros y gohirio dros dro. Mae'n achosi pryder i ni, a chredaf y bydd hyn yn parhau hyd at ddiwedd y mis, pan fyddwn yn ceisio ailosod y tystysgrifau hynny. Mae trafodaethau yn mynd rhagddynt ar hyn o bryd gyda'r cyrff cyfrifo a'r Comisiwn Archwilio gyda'r bwriad o sicrhau bod y geiriad a'r briff yn gywir ar gyfer y tystysgrifau hynny, felly byddant yn dychwelyd.

[119] **Alison Halford:** A oes gennych unrhyw sylw ar y ffaith na fydd eich tîm rheoli ariannol yn gweithio ar raglenni newydd tan 2003?

**Mr Clarke:** Credaf y byddem yn sicr wedi hoffi gallu dechrau ychydig yn gynt. Yr oeddem wedi etifeddu ôl-groniad o waith ar yr hen raglenni. Mae'n deg dweud bod y taliadau yn aml yn dilyn cryn amser ar ôl yr ymrwymiad. Mae gennym oddeutu £80 miliwn o daliadau a wnaed o dan Amcan 1 ar hyn o bryd, a dylem allu dal i fyny yn eithaf cyflym. Nid wyf yn gwybod a garai Phil roi unrhyw sylwadau ar hynny.

that.

**Mr Gray:** Yes, I would like to add a point. I think that it is important to remember that the bodies that the financial control team is going in to audit are, generally speaking, the same bodies that are now also working on the new programmes. Therefore, problems that they find in systems—and we are moving very much more into a system-based form of audit now—will be identified for the old programmes, but the remedies will then carry through into the new programmes. So while the delay in starting the auditing of the new programmes is not ideal, I do not believe that there is a significant risk attached to that delay.

[120] **Alison Halford:** How can you be so sure?

**Mr Gray:** For two reasons. One is, as I say, that we are basically auditing the same bodies. Secondly, we have relatively little activity on the ground. We may have committed something in the region of £350 million or thereabouts but we have actually paid out something in the region of £70 million to £80 million, a proportion of which is advances. So, in terms of money that is actually delivering

**Mr Gray:** Carwn ychwanegu un pwynt. Credaf ei bod yn bwysig cofio, yn gyffredinol, mai'r cyrff y bydd y tîm rheoli ariannol yn eu harchwilio yw'r un cyrff sy'n awr yn gweithio ar y rhaglenni newydd hefyd. Felly, caiff y problemau a ganfyddir mewn systemau—ac yr ydym yn datblygu tuag at arddull archwilio ar sail system yn awr—eu nodi ar gyfer yr hen raglenni, ond bydd yr atebion yn berthnasol i'r rhaglenni newydd. Felly, er nad yw'r oedi cyn dechrau archwilio'r rhaglenni newydd yn ddelfrydol, ni chredaf fod risg sylweddol ynghlwm wrth yr oedi hwnnw.

[120] **Alison Halford:** Sut y gallwch chi fod mor sicr?

**Mr Gray:** Am ddau reswm. Y cyntaf, fel y dywedais, yw ein bod, yn y bôn, yn archwilio'r un cyrff. Yn ail, ychydig iawn o weithgarwch sydd gennym ar lawr gwlad. Efallai ein bod wedi ymrwymo oddeutu £350 miliwn ond dim ond rhwng £70 miliwn ac £80 miliwn yr ydym wedi'i dalu allan mewn gwirionedd, ac mae cyfran o hwnnw'n flaendaliadau. Felly, o ran arian sy'n cyflwyno

activity, we are probably talking of something in the region of £50 million to £60 million out of a £1.2 billion programme. So with those sorts of proportions, you are not necessarily going to be able to get a good statistical analysis of what is happening at this stage.

[121] **Alison Halford:** Just to clarify this point, because obviously it is quite important, how confident is WEFO that the control team can keep pace with the spending on new programmes, while focusing on early confirmation that adequate systems are in place, as required by the report under paragraph 4.70?

**Mr Gray:** We have a work plan for the team, which identifies what we need to do, when we need to do it, and so on. At the moment we have a problem catching up and, therefore, we have authorised some additional staff to be appointed for that team, in addition to which we are hiring in some audit professionals. That will enable us to get over the hump by the end of this year, by which time we should be in a steady state and, as far as we can see, the size of the team should be sufficient to keep up with the volume of work. However, obviously, if that does

gweithgarwch, mae'n debyg ein bod yn edrych ar swm o oddeutu £50 miliwn i £60 miliwn o raglen £1.2 biliwn. Felly gyda chyfrannau o'r maint hwn, ni fyddai hynny o reidrwydd yn arwain at ddadansoddiad ystadegol da o'r hyn sy'n digwydd yn ystod y cam hwn.

[121] **Alison Halford:** Er mwyn egluro'r pwynt hwn, gan ei fod yn amlwg yn bwysig iawn, pa mor hyderus yw WEFO y gall y tîm rheoli fynd bob yn gam â'r gwariant ar raglenni newydd, tra'n canolbwyntio ar gael cadarnhad cynnar bod systemau digonol ar waith, fel sy'n ofynnol gan yr adroddiad dan baragraff 4.70?

**Mr Gray:** Mae gennym gynllun gwaith ar gyfer y tîm, sy'n nodi'r hyn y mae angen inni ei wneud, pryd y mae angen inni ei wneud, ac yn y blaen. Ar hyn o bryd mae gennym broblem dal i fyny ac, felly, yr ydym wedi awdurdodi penodi staff ychwanegol ar gyfer y tîm hwnnw; ar ben hynny yr ydym yn cyflogi gweithwyr proffesiynol ym maes archwilio. Bydd hynny'n ein galluogi i dorri'r garw erbyn diwedd y flwyddyn hon; erbyn hynny dylem fod yn gweithio'n sefydlog a, chyn belled ag y gallwn weld, dylai maint y tîm fod yn

not appear to be the case at any stage, we would have to revisit this.

[122] **Alison Halford:** Would you agree that, although they are wider ranging than external audits, the financial control visits also cover much of the same ground? Is there any scope for reducing this overlap in order to minimise the burden on project sponsors when projects are selected for testing by WEFO?

**Mr Gray:** Yes, I think that there may well be some scope for looking at that. As part of the discussions that we are proposing to have with the audit bodies, which I mentioned before the break, one issue that we want to consider is ensuring that there is not any inappropriate overlap and also that there are not any gaps.

[123] **Alison Halford:** Finally, what do European regulations require? Do they need both annual audits?

**Mr Gray:** The European regulations require, first, that we audit 5 per cent of

ddigonol i ymdopi â swmp y gwaith. Fodd bynnag, yn amlwg, oni fydd hynny'n digwydd yn ystod unrhyw gam, bydd yn rhaid i ni edrych ar hyn eto.

[122] **Alison Halford:** A fyddech yn cytuno, er eu bod yn edrych ar amrediad ehangach nag archwiliadau allanol, fod yr ymweliadau rheoli ariannol hefyd yn edrych ar yr un math o bethau? A oes unrhyw gyfle i leihau'r gorgyffwrdd hwn er mwyn ysgafnhau'r baich ar noddwyr prosiectau pan fydd WEFO yn dethol prosiectau i'w profi?

**Mr Gray:** Oes, credaf efallai fod cyfle i edrych ar hynny. Fel rhan o'r trafodaethau yr ydym yn bwriadu eu cynnal gyda'r cyrff archwilio, fel y crybwyllais cyn yr egwyl, un mater y byddwn yn awyddus i'w ystyried fydd sicrhau nad oes dim gorgyffwrdd amhriodol ac nad oes dim bylchau.

[123] **Alison Halford:** Yn olaf, beth sy'n ofynnol dan y rheoliadau Ewropeaidd? A ydynt yn galw am y ddau archwiliad blynyddol?

**Mr Gray:** Yn gyntaf, mae'r rheoliadau Ewropeaidd yn galw arnom i archwilio 5

the eligible expenditure for any given programme, and that will be checked at the mid-term point, as well as at the end. That is a condition of getting the grant, in addition to which there is a financial control regime that encompasses not just the work that we do, but the work of the NAO, the internal audit services, the Audit Commission, and so on. What we do there is to set this process out in a document to the commission, which sets out the financial control regime for any given programme. We submit that to the commission. We did so in this case some 18 months ago, and it has not had any difficulties with what we have sent.

[124] **Dafydd Wigley:** Good. We turn now to monitoring and evaluation. Janice, you have some questions on this.

[125] **Janice Gregory:** Yes, thank you, Chair. In terms of monitoring at the programme level, paragraph 4.76 of the report states that the key gap is the current absence of good information on outputs, which we have already touched on, and which, hopefully, will shortly be rectified, will it not? Without such

y cant o'r gwariant cymwys ar gyfer unrhyw raglen, a chaiff hynny ei wirio ar y pwynt canol tymor, yn ogystal ag ar y diwedd. Mae hynny'n un o amodau derbyn y grant, ac ar ben hynny ceir trefn rheoli ariannol sy'n cwmpasu nid yn unig y gwaith a wnawn, ond gwaith y SAG, y gwasanaethau archwilio mewnol, y Comisiwn Archwilio, ac yn y blaen. Yr hyn a wnawn yno yw gosod y broses hon mewn dogfen ar gyfer y comisiwn, sy'n gosod y drefn rheoli ariannol ar gyfer unrhyw raglen. Yr ydym yn cyflwyno honno gerbron y comisiwn. Yn yr achos hwn, yr oeddem wedi gwneud hyn oddeutu 18 mis yn ôl, ac ni chafodd unrhyw anawsterau gyda'r hyn a anfonwyd gennym.

[124] **Dafydd Wigley:** Da iawn. Yr ydym yn awr yn troi at fonitro a gwerthuso. Janice, mae gennych chi rai cwestiynau ar hyn.

[125] **Janice Gregory:** Oes, diolch, Gadeirydd. O ran monitro ar lefel y rhaglen, mae paragraff 4.76 yr adroddiad yn nodi mai'r bwlch allweddol ar hyn o bryd yw diffyg gwybodaeth dda am allbynnau, y cyfeiriasom ato eisoes, ac a gaiff ei gywiro, yr wyf yn gobeithio, cyn hir, onid ef? Heb wybodaeth o'r fath sut



information how have you been able to assess progress towards meeting the targets set out in the programme complement?

**Mr Clarke:** Basically, we have not been able to do that without the outputs. We can draw some conclusions from the projections and people's plans but, as we all know, plans are one thing and actuality is another. Our new system has been desperately required, which is why, as I say, we have been working very hard on it for 15 months, and we are nearly there.

[126] **Dafydd Wigley:** So at the moment you are steering in the mist quite a bit on this? Quite clearly, it is important that we get up to the targets in the programme complement, is it not? However, you are not in a position to really know the situation.

**Mr Gray:** We have some information at the moment. Every project, when it makes an application, is, among other things, required to sign up to the outputs that it is going to deliver. Our project appraisal teams are conscious of what it

ydych wedi gallu asesu cynnydd tuag at gyrraedd y targedau a osodir yn nogfen ategol y rhaglen?

**Mr Clarke:** Yn sylfaenol, nid ydym wedi gallu gwneud hynny heb yr allbynnau. Gallwn lunio rhai casgliadau o'r rhagamcaniadau a chynlluniau pobl ond, fel y gwyddom i gyd, mae cynlluniau a realiti yn ddau beth cwbl wahanol. Yr oedd gwir angen ein system newydd arnom ni, ac o'r herwydd, fel y dywedais, yr ydym wedi bod yn gweithio'n galed iawn ar hyn ers 15 mis ac yr ydym bron â gorffen.

[126] **Dafydd Wigley:** Felly, yr ydych yn y niwl braidd ar hyn o bryd ar hyn? Yn amlwg iawn, mae'n bwysig ein bod yn cyrraedd targedau dogfen ategol y rhaglen, onid yw? Fodd bynnag, ni allwch wybod yn iawn beth yw'r sefyllfa ar hyn o bryd.

**Mr Gray:** Mae gennym rywffaint o wybodaeth ar hyn o bryd. Pan fydd pob prosiect yn cyflwyno cais, ymysg pethau eraill, rhaid cytuno ar yr allbynnau y bydd yn eu cyflwyno. Mae ein timau arfarnu prosiectau yn ymwybodol o'r hyn

is that they need to deliver for any given measure within the priorities, because all of these outputs are broken down—something like 300 of them, spread across 30-odd measures. So when a project is being appraised they are looking to see whether the project is going to deliver some part of that. So we can take some assurance from that. The next stage is that we can analyse the predictions made by the projects. So we have a good idea at the moment what the £350 million is predicted to deliver.

Where we fall short at the present time is that we do not know what is actually happening on the ground. However, the same point that I made before in terms of audit and finance is also true for this.

There is only a relatively small amount of activity—£50 million or £60 million or thereabouts, in relation to a £1.2 billion programme—that is actually happening on the ground at the moment. So, while it is important to get these systems in place and start to do the checking, we certainly have not missed the boat yet.

[127] **Janice Gregory:** Paragraph 4.76 also states that additional work was necessary to rationalise targets in the Objective 1 programme complement to ensure that targets are consistent with the

sydd angen iddynt ei gyflwyno ar gyfer unrhyw fesur penodol yn y blaenoriaethau, gan fod yr holl allbynnau hyn yn cael eu dadansoddi—oddeutu 300 ohonynt, wedi'u gwasgaru dros oddeutu 30 o fesurau. Felly, pan arferir prosiect, maent yn chwilio i weld a fydd y prosiect yn cyflwyno rhyw ran o hynny. Felly gallwn gymryd ychydig o sicrwydd o hynny. Yn ystod y cam nesaf y byddwn yn dadansoddi rhagfynegiadau prosiectau. Felly mae gennym syniad da ar y funud o'r hyn y mae'r £350 miliwn i fod i'w gyflawni. Ein diffyg ar hyn o bryd yw'r ffaith nad ydym yn gwybod yn union beth sy'n digwydd ar lawr gwlad. Fodd bynnag, mae'r pwynt a wneuthum yn gynharach ynghylch archwilio a chyllid yn wir yn hyn o beth hefyd. Ychydig o weithgarwch—oddeutu £50 miliwn neu £60 miliwn, yn nghyd-destun rhaglen £1.2 biliwn—sy'n digwydd mewn gwirionedd ar lawr gwlad ar hyn o bryd. Felly, er ei bod yn bwysig rhoi'r systemau hyn ar waith a dechrau gwirio, nid ydym wedi colli'r cyfle o bell ffordd eto.

[127] **Janice Gregory:** Mae paragraff 4.76 hefyd yn nodi'r gwaith ychwanegol sydd ei angen er mwyn rhesymoli targedau yn nogfen ategol rhaglen Amcan 1 er mwyn sicrhau bod y targedau'n

single programming document, and to define them more clearly. Has this work been completed, and have targets for all existing projects been revised where necessary and any changes agreed with the project sponsors? Let me give you the supplementary question as well, because that sometimes makes it easier to answer. Why were there discrepancies in key features of a document as important as the programme complement? It may be easier for you to answer all that in one go.

**Mr Clarke:** To answer the first part of your question, yes, the work on revising the programme complement is complete. I think that there are a few minor pieces still left, which are being approved by the Programme Monitoring Committee meeting at Llangefni tomorrow. So that is done. Yes, all sponsors or applicants have been contacted and the appropriate revisions made. I hasten to add that none of these revisions caused them to be given targets that bore on them more heavily than the previous ones. As to your final question on why the programme complement needed some degree of work, I think that it is fair to say that it was an enormous rush to get the Objective 1 programme launched

gyson â'r ddogfen raglennu sengl, ac i'w diffinio'n fwy clir. A yw'r gwaith hwn wedi'i gwblhau, ac a adolygwyd y targedau ar gyfer yr holl brosiectau sydd eisoes yn bodoli yn ôl yr angen ac a gytunwyd ar unrhyw newidiadau gyda noddwyr y prosiectau? Gadewch imi ofyn y cwestiwn ategol hefyd, gan fod hynny'n ei gwneud yn haws ateb weithiau. Pam y ceir anghysondebau ym mhrif nodweddion dogfen mor bwysig â dogfen ategol y rhaglen? Efallai y bydd yn haws ichi ateb hynny i gyd ar unwaith?

**Mr Clarke:** I ateb rhan gyntaf eich cwestiwn, ydyw, mae'r gwaith ar adolygu dogfen ategol y rhaglen wedi dod i ben. Credaf fod ambell ddarn bach ar ôl sydd eto i'w gymeradwyo gan y Pwyllgor Monitro Rhaglen sy'n cwrdd yn Llangefni yfory. Felly mae hynny wedi'i wneud. Do, cysylltwyd â'r holl noddwyr neu ymgeiswyr a gwnaed y newidiadau priodol. Yr wyf yn prysuro i ychwanegu nad oedd yr un o'r newidiadau hyn wedi golygu gosod targedau a oedd yn rhoi mwy o bwysau arnynt na'r targedau blaenorol. O ran eich cwestiwn olaf ynghylch pam y mae angen rhywfaint o waith ar ddogfen ategol y rhaglen, credaf ei bod yn deg dweud iddi fod yn ras wyllt i lansio rhaglen Amcan 1 gyda'r llwybr

with the fast-track and the September round. Writing the programme complement was the job of one poor chap who had to work 24 hours a day in a very short period of time and, inevitably, some mistakes crept in. However, it has not proved to be disastrous, and we have managed to recoup. It has actually been a very useful exercise to look again at the programme complement because we have been able to rewrite it in a more user-friendly form, with rather less Euro-speak and rather more direct language.

[128] **Janice Gregory:** So something good came out of it?

**Mr Clarke:** Yes, something good came out of it.

[129] **Dafydd Wigley:** Please carry on with your questions, Janice. I will ask Eleanor to come in after you have finished this run, because I think that these questions are linked, are they not?

[130] **Janice Gregory:** Yes, they are. We are still on paragraph 4.76, which states that WEFO has defined outputs more

carlam a cylch mis Medi. Un dyn, druan ohono, oedd yn gyfrifol am ysgrifennu dogfen ategol y rhaglen ac yr oedd wedi gorfod gweithio 24 awr y dydd dros gyfnod byr iawn o amser ac, yn anochel, llithrodd rhai camgymeriadau i mewn. Fodd bynnag, ni fu hyn yn drychinebus, ac yr ydym wedi gallu ymdopi. Mewn gwirionedd, yr oedd edrych eto ar ddogfen ategol y rhaglen yn ymarfer defnyddiol iawn, oherwydd ein bod wedi gallu ei hailysgrifennu ar ffurf haws ei defnyddio gyda llai o jargon Ewropeaidd a mwy o iaith uniongyrchol.

[128] **Janice Gregory:** Felly cafwyd rhywbeth da yn ei sgîl?

**Mr Clarke:** Do, cafwyd rhywbeth da yn ei sgîl.

[129] **Dafydd Wigley:** Ewch ymlaen gyda'ch cwestiynau Janice, os gwelwch yn dda. Gofynnaf i Eleanor siarad ar ôl ichi orffen yr adran hon, gan fy mod yn meddwl bod y cwestiynau'n gysylltiedig, onid ydynt?

[130] **Janice Gregory:** Ydynt. Yr ydym yn dal i edrych ar baragraff 4.76 sy'n nodi bod WEFO wedi diffinio

precisely, and this should result in more robust performance data. I think that that is what we are all hoping for—you more than anyone. However, there will always be an element of judgment and discretion in estimating some outputs, such as the effect of individual projects on the numbers of jobs. How do you ensure that projects do not overstate their results, since the net impacts of projects will not be formally assessed until a much later stage in the programme?

**Mr Clarke:** Phil, do you want to answer that?

**Mr Gray:** That is absolutely right. It is difficult. We can apply the best tests we can at the appraisal stage but, even so, once the activity starts to operate on the ground and we start to get the returns, primarily through the claims system, it is quite difficult. One of the things we are therefore developing, which was set out in a monitoring and evaluation strategy that we took to all the PMCs earlier this year, is to look to see to what extent we can bring in a level of project level monitoring and evaluation, rather than keeping everything at the strategic level. We have a seminar in north Wales next month, where we will be meeting with

allbynnau'n fwy manwl gywir, a dylai hyn arwain at ddata perfformiad mwy cadarn. Credaf ein bod i gyd yn gobeithio hynny—chi yn fwy na neb. Fodd bynnag, bydd elfen o farn a disgresiwn bob amser yn bodoli wrth amcangyfrif rhai allbynnau, megis effaith prosiectau unigol ar nifer y swyddi. Sut yr ydych yn sicrhau nad yw prosiectau yn gor-ddweud eu canlyniadau, gan nad asesir effeithiau net prosiectau yn ffurfiol tan tua diwedd y rhaglen?

**Mr Clarke:** Phil, a gareth chi ateb hynny?

**Mr Gray:** Yr ydych yn llygad eich lle. Mae'n anodd. Gallwn ddefnyddio'r profion gorau sydd gennym yn ystod y cam arfarnu ond, er hynny, unwaith y bydd y gweithgarwch yn dechrau ar lawr gwlad ac y byddwn yn dechrau derbyn y ffurflenni adroddiad, drwy'r system hawlio'n bennaf, mae'n eithaf anodd. Un o'r pethau yr ydym yn ei ddatblygu felly, a oedd mewn strategaeth monitro a gwerthuso a gyflwynwyd gennym gerbron yr holl bwyllgorau monitro rhaglen yn gynharach eleni, yw edrych i ba raddau y gallwn gyflwyno lefel o fonitro a gwerthuso ar lefel prosiect, yn hytrach na chadw popeth ar y lefel

the appropriate staff from all the regional and local partnerships. We will talk to them on the one hand about the sort of information that we can make available to them from the central database and from the very well qualified team of evaluation and monitoring experts that we have set up in WEFO, and, on the other, the experience that they can bring and the information that they need, so that we can try to see whether we can drill down into a lower level in order to try to give ourselves some better assurances that the information that we get through returns and so on is accurate. Finally, of course, we then also have the benefit of the audit certificate final audit stage and the work of the financial control team, all of whom have responsibilities in looking to ensure that the information we have been provided is as accurate as possible. I think that we have to recognise that, in some of these areas, there is, as you said yourself, a degree of subjective judgment; not all outputs can be measured precisely.

[131] **Janice Gregory:** May I ask a quick supplementary question to that? You said, Phil, that you will take it to the local partnerships. We all know how the local partnerships are made up. They would undoubtedly understand the necessity of this and how important it will be.

strategol. Mae gennym seminar yn y Gogledd y mis nesaf, lle y byddwn yn cwrdd â staff priodol yr holl bartneriaethau rhanbarthol a lleol. Byddwn yn siarad â hwy ar un llaw am y math o wybodaeth y gallwn ei darparu ar eu cyfer o'r gronfa ddata ganolog a'r tîm cymwys iawn o arbenigwyr gwerthuso a monitro a sefydlwyd gennym yn WEFO, ac, ar y llaw arall, y profiad y gallant hwy ei gynnig a'r wybodaeth sydd ei hangen arnynt, er mwyn i ni geisio gweld a allwn ni gyrraedd lefel is er mwyn rhoi sicrwydd gwell i ni ein hunain bod y wybodaeth a dderbyniwn drwy'r ffurflenni ac yn y blaen yn gywir. Yn olaf, wrth gwrs, bydd gennym y fantais hefyd o gam archwilio terfynol y dystysgrif archwilio a gwaith y tîm rheoli ariannol, sydd i gyd yn gyfrifol am sicrhau bod y wybodaeth a dderbyniwn mor gywir â phosibl. Credaf fod yn rhaid inni gydnabod, mewn rhai o'r meysydd hyn, fel y dywedasoch, bod rhywfaint o farn oddrychol; ni ellir mesur pob allbwn yn fanwl gywir.

[131] **Janice Gregory:** A gaf ofyn cwestiwn ategol sydyn ar hynny? Dywedasoch, Phil, y byddwch yn mynd â hyn gerbron y partneriaethau lleol. Yr ydym i gyd yn gwybod am gyfansoddiad y partneriaethau lleol. Yn ddiau, byddent yn deall yr angen am hyn a pha mor

However, do you think that they will view it as another level of work that they will have to go through, either by providing the information or accepting the information through you? I know that you said that you are going to take it to north Wales, so obviously you have not taken it there yet, but I would imagine that they would have some inkling that this is going to happen. Have you had any feedback from them?

**Mr Gray:** Yes, we have had some feedback, primarily from the Welsh Local Government Association. It indicated, on the one hand, that it could see that there was a terrific advantage in us providing them with all sorts of information at local or regional level, and, on the other hand, it was not too sure what sort of role it ought be playing in evaluating projects. This is why we need to get round the table and try to feel our way through to something that will be beneficial for all sides.

[132] **Dafydd Wigley:** Eleanor, you wanted to come in here.

bwysig y bydd. Fodd bynnag, a ydych chi o'r farn y byddant yn ei ystyried yn lefel arall o waith y bydd yn rhaid iddynt rygnu drwyddo, naill ai drwy ddarparu gwybodaeth neu dderbyn gwybodaeth drwoch chi? Gwn eich bod wedi dweud y byddwch yn cyflwyno hyn yn y Gogledd, felly yn amlwg nid ydych wedi'i gyflwyno yno hyd yn hyn, ond yr wyf yn tybio bod ganddynt syniad bod hyn ar fin digwydd. A ydych wedi derbyn unrhyw ymateb ganddynt?

**Mr Gray:** Ydym, yr ydym wedi derbyn rhywfaint o ymateb, yn bennaf gan Gymdeithas Llywodraeth Leol Cymru. Ar un llaw, nododd y gallai weld y byddai'n fantais enfawr petaem yn darparu pob math o wybodaeth ar eu cyfer ar lefel leol neu ranbarthol, ac, ar y llaw arall, nid oedd mor sicr pa fath o swyddogaeth y dylai fod yn ei hysgwyddo wrth werthuso prosiectau. Dyna pam fod angen inni ddod at ein gilydd o gwmpas y bwrdd er mwyn trafod y ffordd tuag at rywbeth a fydd yn fuddiol i bob ochr.

[132] **Dafydd Wigley:** Eleanor, yr oeddech chi am ddod i mewn yn y fan hyn.

[133] **Eleanor Burnham:** Thank you, Chair. I just feel that we are looking at something that we should have been doing at least two years ago. We only have a few more years before we come to the end of this scheme. When you think about any withdrawal, or decommitment, or whatever you call it—which Alun Cairns will ask about—and the fact that you are understaffed and that the ICT system is not up and running, I feel that this is not committing us to maximising the European funds that we have at our disposal. I am rather taken aback by that.

**Mr Clarke:** Could I just say that we have until the end of 2006 to promise or commit all the money, and then a further two years after that to complete the spending of it. So, we are really talking about a programme that runs through to the end of 2008. As Phil mentioned earlier, the programme has been running for a couple of years, but the lead times are such that it is only now that we have the real expenditure and the real output, as opposed to the projections. We can analyse projections to death; they are wonderful things. However, it is the real outputs that count, and it is just a fact of life that they come along later.

[133] **Eleanor Burnham:** Diolch, Gadeirydd. Yr wyf yn teimlo ein bod yn edrych ar rywbeth y dylem fod wedi ei wneud ddwy flynedd yn ôl. Dim ond ychydig o flynyddoedd sydd gennym cyn i'r cynllun hwn ddirwyn i ben. Wrth feddwl am gilio neu ddadymrwymo, neu beth bynnag yr ydych yn ei alw—bydd Alun Cairns yn holi am hynny—a'r ffaith nad oes gennych ddigon o staff ac nad yw'r system TGCh ar waith, teimlaf nad yw hyn yn ein hymrwymo i fanteisio i'r eithaf ar y cronfeydd Ewropeaidd sydd gennym wrth law. Mae hynny'n fy synnu braidd.

**Mr Clarke:** A gaf ddweud bod gennym hyd at ddiwedd 2006 i addo neu ymrwymo'r holl arian, ac wedyn dwy flynedd wedi hynny i orffen ei wario. Felly, yr ydym mewn gwirionedd yn sôn am raglen a ddaw i ben ddiwedd 2008. Fel y crybwyllodd Phil yn gynharach, mae'r rhaglen ar waith ers rhai blynyddoedd, ond yr oedd yr amser arweiniol yn golygu mai dim ond yn awr yr ydym yn gweld y gwir wariant a'r gwir allbynnau, o'u cymharu â'r rhagamcaniadau. Gallwn ddadansoddi rhagamcaniadau hyd ddydd y Farn; maent yn bethau gwych. Fodd bynnag, y gwir allbynnau sy'n bwysig, a rhaid derbyn eu bod hwy'n dod yn nes ymlaen.



[134] **Dafydd Wigley:** May I just press you on that before passing over to Alun Cairns? I am sure that you would agree that the curve goes up very sharply indeed during the next 12 months. We may have until 2008 to complete the spending, but we must really perform during the next 12 months if things are going to work through.

**Mr Clarke:** I quite agree with you, Chair.

[135] **Dafydd Wigley:** I refer you to paragraph 4.74, which mentions the fact that, in both Cornwall and Merseyside, your counterparts carry out visits to every ERDF project that they sponsor. That is quite significant in keeping the finger on the pulse, knowing what is going on and getting the feedback, and also for the project sponsors to be aware of your direct personal interest. You do not do this. Why not?

**Mr Clarke:** So far, we have approved something in the region of 500 projects all over this country, which is quite a lot. We are not as yet convinced of the value

[134] **Dafydd Wigley:** A gaf bwysu arnoch ar y pwynt hwn cyn symud ymlaen at Alun Cairns? Yr wyf yn siwr y byddech yn cytuno y bydd y gromlin yn codi'n sydyn iawn yn ystod y 12 mis nesaf. Efallai fod gennym hyd at 2008 i orffen gwario, ond rhaid inni berfformio'n wirioneddol dda yn ystod y 12 mis nesaf os yw pethau i weithio'n iawn.

**Mr Clarke:** Yr wyf yn cytuno'n llwyr â chi, Gadeirydd.

[135] **Dafydd Wigley:** Fe'ch cyfeiriaf at baragraff 4.74, sy'n crybwyll y ffaith bod eich cymheiriaid yng Nghernyw a Glannau Mersi'n ymweld â phob prosiect a noddir ganddynt o dan ERDF. Mae hynny'n bwysig iawn o ran cadw bys ar y pwls, gwybod beth sy'n digwydd a derbyn ymateb, a bod noddwyr y prosiect yn ymwybodol o'ch diddordeb penodol uniongyrchol chi. Nid ydych chi'n gwneud hyn. Pam hynny?

**Mr Clarke:** Hyd yn hyn, yr ydym wedi cymeradwyo oddeutu 500 prosiect ledled y wlad, sy'n eithaf tipyn. Nid ydym eto wedi ein darbwyllo'n llwyr ynghylch

for money of visiting absolutely every single project. That is not to say that we are not in contact with them. There is obviously quite regular telephone contact with all parts of the WEFO organisation, but we are not convinced of the value of a formal visit to the project as yet. The more so because, as Phil mentioned earlier, we are working here on a formal partnership basis and there is a role here for our local partnerships and—

[136] **Dafydd Wigley:** Hold on. Those involved in the local partnerships will very often not have the professional expertise that is necessary to assess and have the finger on the pulse in terms of what is going on in a project. I realise that you have a larger number of projects than Cornwall and, perhaps, Merseyside, but nonetheless, if you had a project officer making daily visits, with a team of half a dozen staff—which is well within your undercommitment on staff at present—it would be possible to visit each of these projects. My instincts are that this is worth considering. It is not for me to say—it is a matter of policy, rather than for this Committee—but I suggest that you think about that one and take it on board.

gwerth am arian ymweld â phob prosiect unigol. Nid yw hynny'n golygu nad ydym mewn cysylltiad â hwy. Yn amlwg, cedwir mewn cysylltiad rheolaidd â phob rhan o gyfundrefn WEFO dros y ffôn, ond nid ydym wedi ein darbwyllo ynghylch gwerth ymweliad ffurfiol â phrosiectau eto. Yn fwy byth oherwydd, fel y dywedodd Phil yn gynharach, yr ydym yn gweithio yma ar sail partneriaethau ffurfiol ac mae swyddogaeth yma ar gyfer ein partneriaethau lleol a—

[136] **Dafydd Wigley:** Arhoswch funud. Yn aml iawn nid yw'r rhai sy'n ymwneud â'r partneriaethau lleol yn meddu ar yr arbenigedd proffesiynol sydd ei angen er mwyn asesu a chadw'r bys ar y pwls o ran yr hyn sy'n digwydd mewn prosiect. Yr wyf yn ymwybodol bod gennym fwy o brosiectau na Chernyw ac, efallai, Glannau Mersi, ond er hynny, pe byddai gennych swyddog prosiect yn ymweld yn ddyddiol, gyda thîm o hanner dwsin o staff—sydd o fewn eich tanymrwymiad ar staff ar hyn o bryd—byddai'n bosibl ymweld â phob un o'r prosiectau hyn. Fy ngreddf yw ei bod yn werth ystyried hyn. Nid fy lle i yw dweud—mater polisi ydyw, yn hytrach na mater i'r Pwyllgor hwn—ond yr wyf yn awgrymu eich bod yn meddwl am hynny a'i gadw mewn

cof.

**Mr Clarke:** Certainly.

**Mr Clarke:** Yn sicr.

[137] **Dafydd Wigley:** Sorry, Alun, carry on.

[137] **Dafydd Wigley:** Mae'n ddrwg gennyf, Alun, ewch ymlaen.

[138] **Janice Gregory:** I have one more question.

[138] **Janice Gregory:** Mae gennyf un cwestiwn arall.

[139] **Dafydd Wigley:** I am sorry, I thought that you had dealt with the feeding back.

[139] **Dafydd Wigley:** Mae'n ddrwg gennyf, yr oeddwn yn meddwl eich bod wedi ymdrin â'r adborth.

[140] **Janice Gregory:** I suppose we have to a certain extent, but I wanted to add something. We have mentioned hindsight being an exact science and 20:20 vision. I would hate it, if we do not consider this issue seriously, for that to mean that applicants would be very reluctant, given their experience to date, to even want to consider taking forward a project that is a gleam in anyone's eye. It is vital that this issue is seriously addressed. Once the new super-duper system is up and running, I am sure that it will be a click of a button and we will be away. However, we have not discussed the impact of the programme on gross

[140] **Janice Gregory:** Mae'n debyg ein bod wedi gwneud hynny i ryw raddau, ond yr oeddwn am ychwanegu rhywbeth. Bu inni sôn am synnwyr trannoeth fel gwyddor fanwl a golwg perffaith. Byddai'n gas gennyf feddwl, os nad ystyriwn y mater hwn o ddifrif, y byddai hynny'n golygu y byddai ymgeiswyr yn amharod iawn, o ystyried eu profiad hyd yn hyn, i hyd yn oed ystyried gwireddu egin syniad am brosiect. Mae'n hollbwysig ein bod yn rhoi sylw difrifol i'r mater hwn. Pan fydd y system newydd wych ar waith, yr wyf yn siwr mai dim ond gwasgu botwm y bydd angen inni ei wneud a byddwn ar ein ffordd. Fodd

domestic product. There is very low GDP in my constituency. How straightforward is it for you to be able to assess the impact on GDP?

**Mr Gray:** It is extremely difficult to assess programme impacts at this stage in the process. Many things do not actually happen until the project is virtually completed, or even after it is completed, in terms of the way in which it generates jobs, spin-off jobs, and so on. We will be undertaking a comprehensive analysis of the programme, called the mid-term evaluation. That is currently out to tender. That will provide us with a fairly good indication from an independent source of where the programme is going in terms of results and activity analysis as at the middle of next year. However, in terms of the wider impacts—on GDP and so on—my economics colleagues tell me that it will be years before we will be able to analyse the impact of this programme on GDP.

[141] **Dafydd Wigley:** Do you have guidelines on which GDP multipliers to use? Is there a coherent European approach to this—that, when you have a

bynag, nid ydym wedi trafod effaith y rhaglen ar gynnyrch mewnwladol crynswth. Mae CMC isel iawn yn fy etholaeth i. Pa mor syml fyddai ichi allu asesu'r effaith ar CMC?

**Mr Gray:** Mae'n anodd iawn asesu effeithiau'r rhaglen ar y cam hwn yn y broses. Mae sawl peth nad ydynt yn digwydd mewn gwirionedd nes bod y prosiect bron â dod i ben, neu hyd yn oed ar ôl hynny, o ran y modd y mae'n creu swyddi, swyddi yn sgîl hynny ac yn y blaen. Byddwn yn dadansoddi'r rhaglen yn gynhwysfawr mewn gwerthusiad canol tymor. Mae hwnnw wedi'i gynnig ar dendr ar hyn o bryd. Bydd hyn yn rhoi syniad da iawn i ni, drwy ffynhonnell annibynnol, ynghylch cyfeiriad y rhaglen o ran dadansoddi canlyniadau a gweithgarwch ar ganol y flwyddyn nesaf. Fodd bynnag, o ran effeithiau ehangach—ar CMC ac ati—mae fy nghydweithwyr economeg yn dweud wrthyf y bydd blynyddoedd wedi mynd heibio cyn i ni allu dadansoddi effaith y rhaglen hon ar CMC.

[141] **Dafydd Wigley:** A oes gennych ganllawiau ar ba luosyddion CMC i'w defnyddio? A oes dull Ewropeaidd cydlynol ar gyfer hyn—a fydd yn golygu

direct output of a programme, you can use multipliers that interpret the effect on GDP locally—or is it perhaps by sector?

**Mr Gray:** I would need notice of that question, Chair.

[142] **Dafydd Wigley:** Okay, but I would be interested in any response that you have on that. I would welcome a note on that, as it would be of interest.

[143] **Alun Cairns:** I support that question. There must be some kind of economic models available, which we can use to assess the impact of a package of schemes, perhaps, even if it is not done to a scheme level, to see what the development is on that. I want to talk about decommitment in particular. There is, naturally, some concern that Wales could lose structural funding if money is not spent fast enough for what could be a whole host of reasons. Paragraph 4.83 indicates that the position at the time of this audit was low risk for ERDF and ESF on all the programmes in 2002. Are you confident that this remains the case in relation to these two funds?

bod modd defnyddio lluosyddion sy'n dadansoddi'r effaith ar CMC yn lleol pan fydd gennych allbwn uniongyrchol o raglen—neu a wneir hynny yn ôl y sector, efallai?

**Mr Gray:** Byddai angen rhybudd arnaf ar gyfer y cwestiwn hwnnw, Gadeirydd.

[142] **Dafydd Wigley:** Iawn, ond hoffwn dderbyn unrhyw ateb sydd gennych ar hynny. Byddwn yn croesawu nodyn ar hynny, gan y byddai o ddiddordeb.

[143] **Alun Cairns:** Yr wyf yn cefnogi'r cwestiwn hwnnw. Rhaid bod rhyw fath o fodelau economaidd ar gael ar gyfer asesu effaith pecyn o gynlluniau, efallai, hyd yn oed os na wneir hynny ar lefel cynllun, er mwyn gweld beth yw'r cynnydd ar hynny. Dymunaf sôn am ddadymrwymo'n benodol. Yn naturiol, ceir rhywfaint o bryder y gallai Cymru golli cyllid strwythurol oni chaiff yr arian ei wario'n ddigon cyflym oherwydd llu o resymau posibl. Mae paragraff 4.83 yn nodi bod y sefyllfa adeg yr archwiliad hwn yn risg isel ar gyfer ERDF ac ESF ar yr holl raglenni yn 2002. A ydych yn ffyddiog ei bod felly o hyd mewn perthynas â'r ddwy gronfa hyn?

**Mr Clarke:** Yes, on ERDF and ESF.

**Mr Clarke:** Ydwyf, am ERDF ac ESF.

[144] **Alun Cairns:** How have you managed to achieve a relatively high ratio on these two funds?

[144] **Alun Cairns:** Sut y llwyddoch i sicrhau cymhareb weddol uchel ar gyfer y ddwy gronfa?

**Mr Clarke:** They are very large and they are subject to lots of different projects—particularly ESF—so, essentially, the project risk is spread. The risk, as the report says, is a little bit higher on EAGGF and FIFG because they are smaller programmes—

**Mr Clarke:** Maent yn fawr iawn ac yn rhwym wrth nifer o brosiectau gwahanol—yn enwedig ESF—felly, yn ei hanfod, mae risg y prosiect wedi'i wasgaru. Fel y nodir yn yr adroddiad, mae'r risg ychydig yn uwch yn achos EAGGF a FIFG oherwydd eu bod yn rhaglenni llai—

[145] **Alun Cairns:** Hang on a minute. I will come on to EAGGF and FIFG, I can assure you, but I want to stick with the success of these two funds for the moment and focus on that. How have we managed to achieve such a low risk on this at this stage?

[145] **Alun Cairns:** Arhoswch funud. Gallaf eich sicrhau y byddaf yn dod at EAGGF a FIFG maes o law, ond yr wyf am aros ar lwyddiant y ddwy gronfa hyn am funud a chanolbwyntio ar hynny. Sut yr ydym wedi gallu cyflawni risg mor isel ar y cam hwn?

**Mr Clarke:** A low risk of decommitment?

**Mr Clarke:** Risg isel o ddadymrwymo?

[146] **Alun Cairns:** On these two funds only.

[146] **Alun Cairns:** Ar y ddwy gronfa hyn yn unig.

**Mr Clarke:** We launched the fast-track, as you know, in June 2000, followed by the September round. I think that, with the glorious precision of hindsight again, there were risks—as the NAO report points out—of starting so quickly, but one had to counterbalance that against the looming risk of decommitment. On balance, it was certainly worth doing.

[147] **Alun Cairns:** The third bullet point of paragraph 4.81 suggests the overcommitment of a grant to allow for unforeseen reductions. Have you actively pursued that in relation to ERDF and ESF? I am trying to work out why the ratio is relatively good on these two funds—that is what I am trying to get at.

**Mr Clarke:** It is relatively good—relative to EAGGF and FIFG, when we get on to them. That is the fundamental point. We aim to balloon the commitments early on in the programme. For example, our current plan, or forecast target—call it what you will—is some £500 million of commitments by the end of the current year.

**Mr Clarke:** Fel y gwyddoch, lanswyd y dull carlam gennym ym Mehefin 2000, ac yr oedd cylch Medi yn dilyn hynny. Credaf, wrth fod yn ddoeth drannoeth eto, bod risgiau—fel y nodir yn adroddiad y SAG—ynghlwm wrth ddechrau mor gyflym, ond yr oedd yn rhaid gwrthbwysu hynny'n erbyn perygl y risg o ddadymrwymo. Yn y pen draw, yr oedd yn sicr yn werth gwneud hynny.

[147] **Alun Cairns:** Mae trydydd pwynt bwled paragraff 4.81 yn awgrymu gorymrwymo grant er mwyn darparu ar gyfer unrhyw leihad nas rhagwelwyd. A ydych wedi mynd ar drywydd hynny mewn perthynas ag ERDF ac ESF? Yr wyf yn ceisio canfod pam y mae'r gymhareb yn weddol dda ar gyfer y ddwy gronfa—at hynny yr wyf yn anelu.

**Mr Clarke:** Mae'n weddol dda—o'i chymharu ag EAGGF a FIFG, pan fyddwn yn ystyried y rheini. Hwnnw yw'r pwynt sylfaenol. Yr ydym yn anelu at chwyddo'r ymrwymadau yn gynnar yn y rhaglen. Er enghraifft, y cynllun presennol neu'r targed a ragwelwn—cewch ei alw yr hyn a fynnoch—yw tua £500 miliwn o ymrwymadau erbyn

diwedd y flwyddyn hon.

[148] **Alun Cairns:** So it is fair to say then—let me interpret your answer—that there is a relative overcommitment in these two funds to take account for some losses or slippage or whatever in terms of the projects that they can take?

**Mr Clarke:** Yes. It is fair to say that it is extremely difficult to forecast how much ‘overcommitment’ you need to achieve a given level of expenditure in a given year, because there are so many variables. You would need a Cray computer to work it out. So the degree of overcommitment that we require has been a little bit by guess and by golly. However, as we gain experience in the way that sponsors handle projects and start to develop our statistical ratios of drawdown against commitment, then it will be easier to fine-tune the amount of ‘overcommitment’, or forward commitment—I think that that is probably a better term—that we need.

[149] **Alun Cairns:** Coming on to EAGGF and FIG—as you obviously

[148] **Alun Cairns:** Felly, mae’n deg dweud—gadewch imi ddehongli’ch ateb—fod gorymrwymiad cymharol yn y naill gronfa a’r llall er mwyn darparu ar gyfer rhai colledion neu lithriant neu beth bynnag o ran y prosiectau y gallant eu cymryd?

**Mr Clarke:** Ydyw. Mae’n deg dweud ei bod yn eithriadol o anodd rhagweld faint o ‘orymrwymiad’ sydd ei angen arnoch er mwyn cyflawni lefel benodol o wariant mewn blwyddyn benodol, gan fod cynifer o amrywiolion. Byddai angen cyfrifiadur Cray arnoch i ganfod hynny. Felly, i ryw raddau, dyfalwyd graddfa’r gorymrwymiad sydd ei angen arnom. Fodd bynnag, wrth inni ennill profiad yn y ffordd y mae noddwyr yn ymdrin â phrosiectau ac wrth inni ddechrau datblygu ein cymarebau ystadegol drwy gymharu defnyddio arian â’r ymrwymiad, bydd yn haws manylu ar faint o ‘orymrwymiad’, neu flaen ymrwymiad—credaf fod y term hwnnw ychydig yn well—sydd ei angen arnom.

[149] **Alun Cairns:** Gan edrych ar EAGGF a FIG—gan eich bod yn amlwg



want to—the picture is very different. There is, potentially, a high risk, in terms of decommitment, that Wales will lose out on the European funding available to the tune of £1.4 million, in terms of some of the funds. Can you tell me why that is the case?

**Mr Clarke:** First, may I say that matters have moved on since the effective date of this report, which is the end of March, and, while the risk on EAGGF and FIG is higher than with the other funds, it is not as high as it was, if you see what I mean. It has come down, in other words.

[150] **Alun Cairns:** Why, then?

**Mr Clarke:** It is the result of some extremely close monitoring and a lot of agonised telephone calls and beating people around the head and everything else.

[151] **Dafydd Wigley:** Even visiting them.

**Mr Clarke:** Even visiting them, yes. We actually got off the telephone and spoke to someone. Therefore, there is a lot of

yn awyddus i wneud hynny—mae'r darlun yn dra gwahanol. Mae risg uchel, o bosibl, o ran dadymrwymo, y bydd Cymru'n colli gwerth tua £1.4 miliwn o gyllid Ewropeaidd o ran rhai o'r cronfeydd. A allwch ddweud wrthyf pam y mae felly?

**Mr Clarke:** Yn gyntaf, carwn ddweud bod pethau wedi datblygu ers dyddiad cyhoeddi'r adroddiad hwn, sef diwedd Mawrth, ac, er bod y risg ar EAGGF a FIG yn uwch na'r cronfeydd eraill, nid yw mor uchel ag y bu, os y deallwch. Mewn geiriau eraill, mae wedi disgyn.

[150] **Alun Cairns:** Pam, felly?

**Mr Clarke:** Canlyniad monitro gofalus iawn a sawl galwad ffôn poenus a mynd ar drywydd pobl a phopeth arall yw hyn.

[151] **Dafydd Wigley:** Hyd yn oed ymweld â hwy.

**Mr Clarke:** Hyd yn oed ymweld â hwy, ie. Aethom cyn belled â rhoi'r ffôn i lawr a siarad â rhywun. Felly, mae llawer o

activity in that area. I think that the fundamental reason behind EAGGF's relative slowness was foot and mouth disease. A lot of money is going towards farming advice schemes, and it was just not possible to get advisers onto farms in order to do business plans so that grants could be applied for. It is quite a long process.

[152] **Alun Cairns:** So are you now confident that there will be no decommitment of these funds?

**Mr Clarke:** I am more confident than I was, but—

[153] **Alun Cairns:** On a scale of one to 10, where would you place your confidence?

**Mr Clarke:** It is difficult to calibrate this one. The risk is always there; it is a risk that will be with us from now until 2008. We will always have to manage it.

[154] **Alun Cairns:** Let me come back in terms of the answer that I tried to tease out on ERDF and ESF. If there is overcommitment there, is it worth pursuing overcommitment in these other

weithgarwch yn y maes hwnnw. Credaf mai'r rheswm sylfaenol dros arafwch cymharol EAGGF oedd clwy'r traed a'r genau. Mae llawer o arian yn mynd tuag at gynlluniau cyngor ar ffermio, ac yr oedd yn amhosibl cael ymgynghorwyr ar y ffermydd er mwyn llunio cynlluniau busnes i ymgeisio am grantiau. Mae'n broses eithaf hir.

[152] **Alun Cairns:** Felly a ydych bellach yn ffyddiog na fydd dadymrwymo ar y cronfeydd hyn?

**Mr Clarke:** Yr wyf yn fwy ffyddiog nag yr oeddwn, ond—

[153] **Alun Cairns:** Ar raddfa o un i 10, pa mor hyderus ydych chi?

**Mr Clarke:** Mae'n anodd mesur hynny. Mae'r risg bob amser yno; bydd y risg gyda ni hyd ddiwedd 2008. Bydd wastad rhaid inni ei reoli.

[154] **Alun Cairns:** Gadewch imi ddod yn ôl i geisio cael yr ateb yr ymdrechais ei gael gennych ynghylch ERDF ac ESF. Os oes gorymrwymo ar eu cyfer, a fyddai'n werth mynd ar drywydd

two funds that carry a high risk of decommitment?

**Mr Clarke:** With respect, we have overcommitted on EAGGF.

[155] **Alun Cairns:** Have you overcommitted enough?

**Mr Clarke:** The problem is that of the rate of spend.

**Mr Gray:** If I could give you the figures: we have committed £22 million on EAGGF. The forecast spend against that is £7.2 million. That is the problem. The ratio of commitment for the other funds is, broadly speaking, the same; it is down a bit on FIG, but with EAGGF it is about the same percentage as the others. What has happened is that, because of the nature of the schemes, which are primarily grant schemes that are not being taken up, the expenditure forecast—which of course is what matters, and is what is incurred on the ground that we can claim from Brussels to avoid decommitment—is much lower than it was when these schemes were first approved. As John says, it looks as if it is foot and mouth disease that has had the

gorymrwymo yn y ddwy gronfa arall hyn sydd â risg uchel o ddadymrwymo?

**Mr Clarke:** Gyda phob parch, yr ydym wedi gorymrwymo ar EAGGF.

[155] **Alun Cairns:** A ydych wedi gorymrwymo digon?

**Mr Clarke:** Cyfradd y gwario sy'n achosi'r broblem.

**Mr Gray:** Os caf roi'r ffigurau i chi: yr ydym wedi ymrwymo £22 miliwn ar EAGGF. Rhagwelir y bydd y gwariant o'i gymharu â hynny'n £7.2 miliwn. Dyna'r broblem. Yn gyffredinol, mae cymhareb yr ymrwymiad ar gyfer y cronfeydd eraill yn debyg; ychydig yn is ar gyfer FIG, ond tua'r un ganran â'r gweddill ar gyfer EAGGF. Oherwydd natur y cynlluniau, sef cynlluniau grant yn bennaf na sy'n cael eu defnyddio, mae'r rhagolwg gwariant—sef yr hyn sy'n cyfrif, wrth gwrs, a'r hyn sy'n digwydd ar lawr gwlad y gallwn ei hawlio yn ôl o Frwsel er mwyn osgoi dadymrwymo—lawer yn is na phan gymeradwywyd y cynlluniau hyn gyntaf. Fel y dywed John, mae'n ymddangos bod

impact.

clwy'r traed a'r genau wedi cael effaith.

[156] **Alun Cairns:** So because of the nature of the scheme, are you saying that more needs to be done to facilitate the process of applying for grants?

[156] **Alun Cairns:** Felly oherwydd natur y cynllun, a ydych yn dweud bod angen gwneud mwy i hwyluso'r broses o ymgeisio am grantiau?

**Mr Gray:** That is very much the case, and colleagues in our agriculture department have been doing a lot of work on that to try to make sure that the process at the farmers' end for the grants is handled as rapidly as it can be.

**Mr Gray:** Yn union, ac mae cydweithwyr yn ein hadran amaethyddiaeth wedi bod yn gweithio'n galed ar hynny i geisio sicrhau bod y broses o ymgeisio am grantiau o du'r ffermwyr yn mynd rhagddi cyn gynted ag y bo modd.

[157] **Alun Cairns:** That is useful. That is the sort of answer that I was looking for. Thank you. How soon before December 2002 should money have been physically spent by the project to enable drawdown and the completion of the process to prevent decommitment?

[157] **Alun Cairns:** Mae hynny'n ddefnyddiol. Dyna'r math o ateb yr oeddwn yn chwilio amdano. Diolch. Pa mor fuan cyn Rhagfyr 2002 y dylai'r prosiectau fod wedi gwario eu harian mewn gwirionedd er mwyn gallu hawlio'r arian a chwblhau'r broses er mwyn osgoi dadymrwymo?

**Mr Gray:** *By 30 December.*

**Mr Gray:** *Erbyn 30 Rhagfyr.*

[158] **Alun Cairns:** *It is that late, is it?*

[158] **Alun Cairns:** *Mor hwyr â hynny, ai ef?*

**Mr Gray:** *I can actually take a claim across to Brussels on the early morning flight on 31 December, and still score it for N+2.*

**Mr Gray:** *Gallaf fynd â chais draw i Frwsel yn bersonol ar awyren ben bore ar 31 Rhagfyr a rhoi sgôr N+2 iddo.*

[159] **Alun Cairns:** *And your lead-in time within the unit, and the necessary bureaucracy it needs to follow through, can be satisfied within that?*

[159] **Alun Cairns:** *A byddai hynny'n bodloni eich amser arwain chi yn yr uned, a'r fiwrocratiaeth angenrheidiol er mwyn dilyn ei drywydd?*

**Mr Gray:** *Yes. We would if we had to. We would work over Christmas if we had to.*

**Mr Gray:** *Byddai. Byddai modd gwneud hynny pe bai'n rhaid. Gwnaem weithio dros y Nadolig pe bai'n rhaid.*

[160] **Alun Cairns:** *What I am trying to get at is that there must be some interim targets, because the last thing you want is for all applications or spending reports to come in on 30 December.*

[160] **Alun Cairns:** *Yr hyn yr wyf yn ceisio ei ganfod yw bod yn rhaid bod gennych rai targedau dros dro, gan mai'r peth olaf y mae arnoch ei eisiau yw derbyn pob cais neu adroddiad gwariant ar 30 Rhagfyr.*

**Mr Gray:** *Yes. We have been pressing sponsors to get claims in before the end of September. The other reason for that is the slight complication at the commission end whereby, although we can get claims in to it between September and the end of the year, it will not actually pay them. However, fortunately, as far as the regulations are concerned, the decommitment is measured at the point at*

**Mr Gray:** *Ie. Yr ydym wedi bod yn pwysu ar noddwyr i anfon eu ceisiadau cyn diwedd Medi. Y rheswm arall am hynny yw'r cymhlethdod bach ar ochr y comisiwn lle, er ein bod yn gallu anfon ceisiadau ato rhwng Medi a diwedd y flwyddyn, ni fydd yn gallu eu talu. Fodd bynnag, yn ffodus, o ran y rheoliadau, mesurir y dadymrwymo ar y pwynt pan fyddwn yn cyflwyno'r cais, nid ar y pwynt*

*which we make the claim, not at the point at which the commission pays the money to us. Therefore, we can take a claim in right up to the wire if we have to.*

*[161] Alun Cairns: That is useful. This year is just the first hurdle. What about 2003 and subsequent years, when we will need to spend about twice as much? How geared up are you in preparation for that?*

*Mr Gray: It gets more difficult. The reason that it gets more difficult is that, in the first year, the advances that are made by the commission to us actually score as part of the decommitment expenditure. Now, the advance of course is dissipated, so whereas the advance is very useful against the first year, when it is compared with two years' worth of commitment and three years' worth of commitment, and so on, you start to lose the effect of that. However, that is then offset by the build-up in the programme. The programme is building up at the same time, and therefore more activity is being generated, more expenditure is being incurred, so hopefully you keep the two together in order to make sure that you hit subsequent N+2, N+3, N+4, and so on. Because of the way that the*

*pan fydd y comisiwn yn talu'r arian i ni. Felly gallwn ei hawlio hyd at y funud olaf os oes rhaid.*

*[161] Alun Cairns: Mae hynny'n ddefnyddiol. Dim ond y glwyd gyntaf yw eleni. Beth am 2003 a'r blynyddoedd wedyn, pan fydd angen inni wario tua dwywaith gymaint? Pa mor barod yr ydych ar gyfer hynny?*

*Mr Gray: Mae'n mynd yn anos. Y rheswm am hynny yw, yn ystod y flwyddyn gyntaf, fod y blaendaliadau a dderbynnir gan y comisiwn yn derbyn sgôr fel rhan o'r gwariant dadymrwymo. Yn awr, wrth gwrs, mae'r blaendaliadau wedi'u gwasgaru, felly er bod y blaendaliadau'n ddefnyddiol iawn yn y flwyddyn gyntaf, wrth eu cymharu â gwerth dwy flynedd o ymrwymiad a gwerth tair blynedd o ymrwymiad, ac yn y blaen, yr ydych yn dechrau colli effaith hynny. Fodd bynnag, mae hynny wedi'i osod yn erbyn twf y rhaglen. Mae'r rhaglen yn tyfu ar yr un pryd, ac felly ceir mwy o weithgarwch a mwy o wariant, felly, gyda lwc, cedwir y ddau gyda'i gilydd er mwyn sicrhau eich bod yn taro N+2, N+3, N+4 yn ddilynol, ac yn y blaen. Oherwydd y dull o reoli'r*

*programmes are managed this time around, which is so very different to the way that they were in the past, we must keep a constant check on it all the time. There will always be a risk at some time in the process that we do not actually get all these processes flowing through at the rate that they need to.*

**Mr Clarke:** May I come in on that, Chair? As the report says, there are four areas that could, directly or indirectly, lead to decommitment: interest in the programme; the speed of the approval process, which is a short-term factor, not a long-term factor; slippage in projects; and late claims. As far as interest in the programme is concerned, you know the amount of publicity we undertake, and we are increasing the amount. We recently encouraged a lot more applications under the fishing measure by adopting a simple advertising approach. I want to stress that we are not sitting there waiting for the projects to come to us; we are taking very proactive steps to generate them. As Sheila mentioned, we have our marketing and commissioning approach, particularly through the private sector unit. We are working on the speed of approvals to make the process more user-friendly. When it comes to slippage, we all appreciate that some projects are a

*rhaglenni y tro hwn, sy'n wahanol iawn i'r dull a ddefnyddiwyd yn y gorffennol, rhaid inni gadw llygad barcud arnynt drwy'r amser. Bydd risg bob amser yn bodoli rhyw bryd yn ystod y broses na fyddwn yn cael yr holl brosesau hyn yn llifo ar y gyfradd angenrheidiol.*

**Mr Clarke:** A gaf ddod i mewn ar hynny, Gadeirydd? Fel y nodir yn yr adroddiad, mae pedwar maes a allai, yn uniongyrchol neu'n anuniongyrchol, arwain at ddadymrwymo: diddordeb yn y rhaglen; cyflymder y broses gymeradwyo, sy'n ffactor tymor byr, nid ffactor tymor hir; llithriant mewn prosiectau; a cheisiadau hwyr. Gyda golwg ar ddiddordeb yn y rhaglen, fe wyddoch faint o gyhoeddusrwydd sy'n mynd ymlaen gennym ac mae hynny ar gynnydd. Yn ddiweddar, yr oeddem wedi annog llawer mwy o geisiadau dan y mesur pysgota drwy fabwysiadu dull hysbysebu syml. Yr wyf am bwysleisio nad ydym yn gorffwys ar ein rhwyfau ac yn disgwyl i brosiectau ddod atom ni; yr ydym yn cymryd camau rhagweithiol iawn i'w creu. Fel y dywedodd Sheila, mae gennym ddull marchnata a chomisiynu, yn enwedig drwy'r uned sector preifat. Yr ydym yn gweithio ar gyflymder y cymeradwyo i sicrhau bod y

bit slower. That is not a sin, as long as we can encourage people to be honest with us. If they ask us to change the cash flows, that is fine; I do not mind that, because we can then bring in another project. The problem is when you are coping with fiction, and you suddenly find out that you are £30 million adrift and no-one has told you because they are afraid to. We just do not want people to be afraid to tell us the truth. When it comes to late claims and problems with audit certificates or whatever, again we adopt a very proactive approach, with lots of telephone calls and support and all the rest of it. So, we are doing all we can, as actively as we can.

[162] **Alun Cairns:** So your relationship with the applicants and so on is pretty crucial. That might bring us back to the visits that we have talked about previously. Finally, given that you have all these initiatives to encourage new applications, and bearing in mind the doubling up of the process for subsequent years, what evaluation do you have in place to measure the success of each of

broses yn haws ei defnyddio. Gyda golwg ar lithriant, yr ydym i gyd yn gwerthfawrogi bod rhai prosiectau ychydig yn arafach. Nid yw hynny'n bechod, cyn belled â'n bod yn gallu annog pobl i fod yn agored gyda ni. Os ydynt yn gofyn inni newid y llif arian, mae hynny'n iawn; nid yw hynny'n broblem, gan ei fod yn golygu y gallwn gyflwyno prosiect arall. Mae'r broblem yn codi pan fyddwch yn ymdrin â ffuglen, ac yr ydych yn sylweddoli eich bod £30 miliwn allan ohoni ac nid oes neb wedi rhoi gwybod i chi am eu bod yn ofni gwneud hynny. Gyda golwg ar geisiadau hwyr a phroblemau gyda thystysgrifau archwilio neu beth bynnag, unwaith eto yr ydym yn mabwysiadu dull rhagweithiol iawn, gyda llawer iawn o alwadau ffôn a chefnogaeth a phopeth arall. Felly yr ydym yn gwneud ein gorau glas, a hynny mor rhagweithiol â phosibl.

[162] **Alun Cairns:** Felly mae eich perthynas â'r ymgeiswyr ac yn y blaen yn eithaf hanfodol. Gallai hynny ddod â ni yn ôl at yr ymweliadau yr oeddem yn sôn amdanynt o'r blaen. Yn olaf, ac ystyried bod yr holl gynlluniau hyn gennych er mwyn annog ceisiadau newydd, ac wrth gofio y bydd y broses yn dyblu ar gyfer y blynyddoedd nesaf, pa werthusiad sydd gennych er mwyn mesur llwyddiant pob



the advertising campaigns, or the specific encouragement that you are following through? Otherwise, this problem would be compounded more than twice in a year or two years' time because of the crank up of the scheme.

**Mr Clarke:** Obviously, we look very carefully in our postbag every day to see how many new applications have arrived. We monitor the numbers that we have on our desks, and one does forward forecasts to see what the rate of commitment is likely to be, looking forward, and then draws conclusions on the spend from that, often based on historic and growing knowledge. An area, I think, where we probably have to do more work is the pipeline. If I take you back to figure 11—the pink bit—that is, what is going on in the partnerships at ground level and what is coming through on proformas at the moment. I think that we need to do more work with our partnerships in looking at that pipeline and constructing the funds flow forecast from that.

[163] **Dafydd Wigley:** Eleanor, did you want to ask a short question?

un o'r ymgyrchoedd hysbysebu, neu'r anogaethau penodol yr ydych yn eu hyrwyddo? Fel arall, byddai'r broblem yn mwy na dyblu mewn blwyddyn neu ddwy oherwydd bod y cynllun yn tyfu.

**Mr Clarke:** Yn amlwg, yr ydym yn edrych yn ofalus iawn yn ein bag post bob dydd i weld faint o geisiadau newydd sydd wedi cyrraedd. Yr ydym yn monitro'r niferoedd sydd gennym ar ein desgiau, ac yn paratoi rhagolygon o'r gyfradd ymrwymo debygol, gan edrych ymlaen, ac yn llunio casgliadau ar y gwariant o hynny, sy'n aml yn seiliedig ar hanes a gwybodaeth sy'n cyson dyfu. Credaf ei bod yn debygol y bydd gofyn i ni wneud mwy o waith ar yr hyn sydd ar y gweill. Os edrychwch unwaith eto ar ffigur 11—y darn pinc—hynny yw, beth sy'n digwydd yn y partneriaethau ar lawr gwlad a'r hyn sy'n dod drwodd ar y *proformas* ar hyn o bryd. Credaf fod angen inni wneud rhagor o waith gyda'n partneriaethau i edrych ar yr hyn sydd ar y gweill ac adeiladu'r llif cronfeydd a ragwelir o hynny.

[163] **Dafydd Wigley:** Eleanor, a oeddech am ofyn cwestiwn byr?

[164] **Eleanor Burnham:** In view of the fact that, post foot and mouth disease, there has been a hiatus, can you not make an appeal to the commission so that you do not have to send back structural funds? You are talking, quite legitimately, about at least a year of inactivity, are you not, because, obviously, you could not press ahead?

**Mr Clarke:** Making an appeal to the commission is certainly one option, but we would much prefer to stand on our own feet and get it right ourselves without having to plead for mercy as it were.

[165] **Eleanor Burnham:** I was just thinking of the time, because you are not talking about five minutes, you are talking about a year—possibly a year and a half almost—of inactivity. Bearing that in mind and given the fact that you are understaffed anyway—

**Mr Clarke:** No, hang on, it is not a problem of understaffing in WEFO; the activity to which you are referring is the lack of activity in the agriculture industry as a result of foot and mouth disease.

[164] **Eleanor Burnham:** Gyda golwg ar y ffaith, ar ôl clwy'r traed a'r genau, ein bod wedi cael bwlch, oni fyddai modd ichi apelio i'r comisiwn fel nad oes rhaid ichi ddychwelyd cronfeydd strwythurol? Yr ydych yn siarad, yn ddigon teg, am o leiaf blwyddyn o anweithgarwch, onid ydych, oherwydd, yn amlwg, nid oedd modd ichi fwrw ymlaen?

**Mr Clarke:** Mae apelio i'r comisiwn yn sicr yn un dewis, ond byddai'n well gennym sefyll ar ein traed ein hunain a chael pethau'n iawn ein hunain heb orfod pledio am drugaredd fel petai.

[165] **Eleanor Burnham:** Dim ond meddwl am yr amser yr oeddwn i, gan nad ydych yn sôn am bum munud, yr ydych yn sôn am flwyddyn—bron i flwyddyn a hanner efallai—o anweithgarwch. Ac ystyried hynny a'r ffaith nad oes gennych ddigon o staff beth bynnag—

**Mr Clarke:** Na, arhoswch funud, nid problem o ddiffyg staff yn WEFO yw hon; y gweithgarwch yr ydych yn cyfeirio ato yw'r diffyg gweithgarwch yn y diwydiant amaethyddol o ganlyniad i glwy'r traed a'r genau.

[166] **Eleanor Burnham:** Indeed; I understand both concepts. However, putting them both together would mean perhaps that you could have been a year in advance of yourself by now, had the foot and mouth disease outbreak not occurred.

**Mr Clarke:** No, I do not quite see the connection, unless, Phil, you have anything to add.

**Mr Gray:** I take the point. The difficulty we have is that these are member state issues. We have had informal soundings with the commission, but it is something that would need to be taken forward at the UK level.

[167] **Dafydd Wigley:** But we would all prefer to see the programme being delivered, obviously. The one thing that I felt you were perhaps a little sanguine on was that, when you identify a slippage, you can pull through projects that can then slip in easily. That will need a lot of fine-tuning and having people with projects that they are happy to just feed in at whatever point in time. How much work have you done on this?

[166] **Eleanor Burnham:** Digon gwir; yr wyf yn deall y naill gysyniad a'r llall. Fodd bynnag, byddai rhoi'r ddau at ei gilydd efallai'n golygu y byddech wedi bod blwyddyn ar y blaen i'ch sefyllfa bresennol erbyn hyn, pe bai clwy'r traed a'r genau heb ddigwydd.

**Mr Clarke:** Na, nid wyf yn gweld y cysylltiad oni bai fod gennych chi unrhyw beth i'w ychwanegu, Phil.

**Mr Gray:** Yr wyf yn derbyn y pwynt. Yr anhawster sydd gennym yw mai materion i'r aelod wladwriaethau yw'r rhain. Yr ydym wedi cynnal trafodaethau anffurfiol gyda'r comisiwn, ond byddai angen mynd â hyn rhagddo ar lefel y DU.

[167] **Dafydd Wigley:** Ond byddai'n well gan bawb ohonom weld y rhaglen yn cael ei gweithredu, wrth gwrs. Yr un peth yr oeddwn yn teimlo'ch bod ychydig yn obeithiol yn ei gylch efallai oedd, pan fyddwch yn nodi llithriant, y gallwch gyflwyno prosiectau sy'n gallu ffitio'n rhwydd. Bydd hynny'n gofyn llawer o fanwl gyweirio a chael pobl sydd â phrosiectau sy'n fodlon dod i mewn ar unrhyw adeg. Faint o waith yr ydych

wedi'i wneud ar hyn?

**Mr Clarke:** In the sense of back-up projects?

**Mr Clarke:** O ran prosiectau wrth gefn?

[168] **Dafydd Wigley:** Yes.

[168] **Dafydd Wigley:** Ie.

**Mr Clarke:** We have some idea of what is coming through the pipeline, certainly, but as I said, we need to refine that information rather more. Would you like to comment on this, Sheila?

**Mr Clarke:** Mae gennym rywffaint o syniad am yr hyn sydd yn yr arfaeth, yn sicr, ond fel y dywedais, mae angen inni goethi'r wybodaeth honno ymhellach. A hoffech chi roi sylwadau ar hyn, Sheila?

**Ms Maxwell:** Yes, I think that what we are doing in that respect, in terms of programme managing, is forward committing certain measures. So, for instance, I know for a fact that the innovation, research and development measure is very popular. For that particular measure we are committing at the moment all the resources up to the end of 2004. We may possibly, if we are satisfied with what has been approved already, bring it forward even more. The danger—

**Ms Maxwell:** Hoffwn, credaf mai'r hyn yr ydym yn ei wneud i'r perwyl hwn, o ran rheoli rhaglenni, yw blaen ymrwymo rhai mesurau. Felly, er enghraifft, fe wn fod y mesur arloesedd, ymchwil a datblygu'n boblogaidd iawn. Ar gyfer y mesur penodol hwnnw, ar y funud, yr ydym yn ymrwymo'r holl adnoddau hyd at ddiwedd 2004. Efallai, os byddwn yn fodlon â'r hyn sydd eisoes wedi'i gymeradwyo, byddwn yn dod ag ef ymlaen ragor. Y perygl—

[169] **Dafydd Wigley:** Sorry, may I press you on that one, because that is one that is now fully committed and people who have projects have been told that they may be considered in 2005. I know that

[169] **Dafydd Wigley:** Mae'n ddrwg gennyf, a gaf bwysio arnoch ar hyn, gan fod hwn yn un sydd wedi'i ymrwymo'n llawn erbyn hyn ac mae pobl sydd â phrosiectau wedi cael gwybod efallai y

this is causing quite some aggravation in places such as Bangor, Aberystwyth and Swansea universities, which have mainstream projects coming on-stream now. They find that there is a shortage of cash for this, not least because Cardiff, for example, has had £5.5 million and is outside the Objective 1 area. When you hear of that situation, it does cause concern.

**Ms Maxwell:** The projects that have gone forward have come forward with recommendation from the partnership and from the strategy partnerships. As far as I know, all the projects are delivering. In the case of the Cardiff project, it is delivering entirely in the Objective 1 area, which is why the project went through.

[170] **Dafydd Wigley:** Will it be monitored in detail on the outputs within Objective 1 on that £5.5 million?

**Ms Maxwell:** Absolutely.

[171] **Dafydd Wigley:** You can give your word on that?

cânt eu hystyried yn 2005. Gwn fod hyn yn peri dichter mewn manau fel prifysgolion Bangor, Aberystwyth ac Abertawe, sydd â phrosiectau prif ffrwd sy'n dod i rym yn awr. Maent yn canfod prinder arian ar gyfer hyn, nid lleiaf oherwydd bod Caerdydd, er enghraifft, wedi derbyn £5.5 miliwn a'i bod y tu allan i ardal Amcan 1. Pan glywch am y sefyllfa honno, mae'n achosi pryder.

**Ms Maxwell:** Mae'r prosiectau a aeth ymlaen wedi'u hargymell gan y bartneriaeth a'r partneriaethau strategaeth. Hyd y gwn i, mae'r holl brosiectau yn cyflawni eu hamcan. Yn achos prosiect Caerdydd, mae'n gweithredu'n gyfan gwbl yn yr ardal Amcan 1, sef y rheswm dros gymeradwyo'r prosiect.

[170] **Dafydd Wigley:** A gaiff ei fonitro'n fanwl ar yr allbynnau yn Amcan 1 ar y £5.5 miliwn hwnnw?

**Ms Maxwell:** Wrth gwrs.

[171] **Dafydd Wigley:** A allwch roi eich gair ar hynny?

**Ms Maxwell:** As I understand the project, all the outputs are small and medium-sized enterprises in the Objective 1 area. That is what it will be checked up on.

[172] **Dafydd Wigley:** And they will be measurable?

**Ms Maxwell:** They do need to be measurable because they are putting them in as outputs.

[173] **Dafydd Wigley:** I look forward to that.

**Ms Maxwell:** I think the difficulty that we possibly have is that, in terms of that particular measure, we could, in theory, bring forward all the resources for the programme, but knowing that, once we have committed those resources, there is a possibility of virement of more money, but the commission has advised us that that is not possible until after the evaluation. However, there is a need to do that, because we are also aware that some measures—the infrastructure measures—are not committing money at the moment. Having said that, we have

**Ms Maxwell:** Yn ôl yr hyn yr wyf yn ei ddeall, mae'r holl allbynnau'n ymwneud â busnesau bach a chanolig eu maint yn yr ardal Amcan 1. Caiff ei fonitro ar hynny.

[172] **Dafydd Wigley:** A byddant yn fesuradwy?

**Ms Maxwell:** Y mae'n rhaid iddynt fod yn fesuradwy gan eu bod yn eu cyflwyno fel allbynnau.

[173] **Dafydd Wigley:** Edrychaf ymlaen at hynny.

**Ms Maxwell:** Credaf mai'r anhawster sydd gennym o bosibl, o ran y mesur penodol hwnnw, yw y byddai modd inni, yn ddamcaniaethol, ddod â'r holl adnoddau ar gyfer y rhaglen ymlaen, ond o wybod hynny, ar ôl inni ymrwymo'r adnoddau hynny, mae posibilrwydd o hawl i drosglwyddo arian, ond mae'r comisiwn wedi ein cynghori na fydd hynny'n bosibl tan ar ôl y gwerthusiad. Fodd bynnag, mae angen gwneud hynny gan ein bod yn ymwybodol hefyd nad yw rhai mesurau—y mesurau seilwaith—yn ymrwymo arian ar hyn o bryd. Wedi

identified projects already to come forward, but we had to acknowledge that they would come on track later. Decommittment is on a fund basis. So, if you go back to funds, what we are trying to do within the programme is manage all the ERDF, ESF or EAGGF projects. We are not saying at this point in time that, for every measure, we can only commit what is in the programme for 2002. We are forward committing on some measures because we know that others will be slow. However, it is quite a challenge because again, as was said, you are looking at two different things here. You are looking at your commitments, but, for every commitment, you need the cash flows and then you need to monitor the cash flow to see where the spend is. So, much as we may possibly commit all the infrastructure measures over this year and next year—and I think that that would be a sensible idea—naturally, with infrastructure, your spend level is not flat, it tends to go up, so, we will have to be conscious of the spend as well. So, it is quite a delicate and complicated management issue.

dweud hynny, yr ydym wedi nodi prosiectau sy'n barod i ddod ymlaen, ond yr oedd yn rhaid inni gydnabod y byddent yn dechrau gweithredu'n ddiweddarach. Mae dadymrwymo'n digwydd ar sail cronfa. Felly, gan fynd yn ôl at y cronfeydd, yr hyn yr ydym yn ceisio'i wneud yn y rhaglen yw cadw trefn ar yr holl brosiectau ERDF, ESF neu EAGGF. Nid ydym yn dweud ar hyn o bryd, ar gyfer pob mesur, mai dim ond yr hyn sydd yn y rhaglen ar gyfer 2002 y gallwn ei ymrwymo. Yr ydym yn blaen ymrwymo ar rai mesurau oherwydd ein bod yn gwybod y bydd eraill yn araf. Fodd bynnag, mae'n eithaf her oherwydd eto, fel y dywedasoeh, yr ydych yn edrych ar ddau beth gwahanol. Yr ydych yn edrych ar eich ymrwymadau ond, ar gyfer pob ymrwymiad, mae angen y llifau arian arnoch ac wedyn rhaid ichi fonitro'r llifau arian i weld ym mhle y mae'r gwariant. Felly, er cymaint y gallem ymrwymo'r holl fesurau seilwaith eleni a'r flwyddyn nesaf—a chredaf y byddai hynny'n syniad call—yn naturiol, yn achos seilwaith, nid yw'ch lefel gwariant yn wastad, mae'n tueddu i godi, felly, byddwn yn gorfod bod yn ymwybodol o'r gwariant hefyd. Felly, mae'n fater rheoli eithaf cynnil a chymhleth.

[174] **Dafydd Wigley:** I think that we will be glad to hear in due course how this is progressing. Perhaps I will come back to that in a moment. I am conscious that time is pressing on. You have some questions, Janet.

[175] **Janet Davies:** First of all, paragraph 4.82, and in particular point (d), suggests that late claims are a particular problem with the European social fund, with only 19 out of 156 claims paid in March this year being received on time. Are you satisfied that the measures that you have in place to tackle this problem are sufficient and would you consider withdrawing grant for persistent offenders?

**Mr Clarke:** Phil, would you like to take that?

**Mr Gray:** Yes. Certainly, as the report shows, late payments and late claims on ESF are a problem. I think that part of the problem there is that most of our ESF sponsors tend to be the major educational institutes, and there is quite a difference between the part of the institute that is managing a particular project and the finance part of the institute, which has

[174] **Dafydd Wigley:** Credaf y byddwn yn falch o glywed, maes o law, sut y mae hyn yn mynd rhagddo. Efallai y dof yn ôl at hynny mewn munud. Yr wyf yn ymwybodol bod amser yn prysuro heibio. Mae gennych chi rai cwestiynau, Janet.

[175] **Janet Davies:** Yn gyntaf oll, mae paragraff 4.82, ac yn enwedig pwynt (d), yn awgrymu bod ceisiadau hwyr yn broblem benodol gyda chronfa gymdeithasol Ewrop, ac mai dim ond 19 o'r 156 o geisiadau a dalwyd ym Mawrth eleni a dderbyniwyd yn brydlon. A ydych yn fodlon bod y mesurau sydd gennych i fynd i'r afael â'r broblem hon yn ddigon da ac a fydddech yn ystyried tynnu grant yn ôl oddi wrth droseddwyr mynych?

**Mr Clarke:** Phil, a hoffech chi ateb hyn?

**Mr Gray:** Iawn. Yn sicr, fel y gwelir yn yr adroddiad, mae taliadau hwyr a cheisiadau hwyr o dan ESF yn broblem. Credaf mai rhan o'r broblem yw bod y rhan fwyaf o'n noddwyr ESF yn tueddu i fod yn sefydliadau addysgol mawr, ac mae cryn wahaniaeth rhwng rhan y sefydliad sy'n rheoli prosiect penodol a rhan gyllid y sefydliad, sydd â llifau arian



much bigger cash flows and of which this is a relatively small part. And so, because of that, we have been going out to the institutes themselves, and trying to impress upon them the importance of it—it is not that the expenditure has not necessarily been incurred, it is that they have not got around to claiming it. That does not help at all, particularly given that they have signed up to a financial profile at the point at which the application was approved. They also have the opportunity to revise that profile every time they make a claim. Therefore, we are on to it; we are monitoring it very carefully. We are working particularly in those areas where we think that the biggest problem exists. We would have the power to suspend grant if an applicant failed to meet its side of the bargain in terms of the approval letter, the contract, and so on. However, it is really a question of cutting off your nose to spite your face. I would be reluctant to do that unless there were very good reasons.

[176] **Janet Davies:** If most of this money is going to various educational institutions, presumably some of it is going to fund higher degree students. Is there any evidence that some of them are having problems in having to wait for the money that they receive?

llawer mwy ac mae hyn yn rhan weddol fach o hynny. Ac felly, o'r herwydd, yr ydym wedi bod yn mynd at y sefydliadau eu hunain gan geisio pwysleisio pwysigrwydd hynny—nid y ffaith nad yw'r arian wedi'i wario eto yw'r broblem ond y ffaith nad ydynt wedi'i hawlio eto. Nid yw hynny'n helpu o gwbl, yn enwedig o ystyried eu bod wedi cytuno ar broffil ariannol pan gymeradwywyd y cais. Maent hefyd yn cael cyfle i adolygu'r proffil hwnnw bob tro y maent yn cyflwyno cais. Felly, yr ydym ar drywydd hynny; yr ydym yn ei fonitro'n ofalus iawn. Yr ydym yn gweithio, yn enwedig yn yr ardaloedd hynny lle yr ydym yn credu bod y problemau mwyaf yn bodoli. Byddai gennym y pŵer i ohirio grant petai ymgeisydd yn methu â chadw ei ran ef o'r fargen o ran y llythyr cymeradwyo, y contract ac yn y blaen. Fodd bynnag, ein cosbi ni ein hunain fyddai hynny. Byddwn yn amharod iawn i wneud hynny oni bai fod rhesymau da dros hynny.

[176] **Janet Davies:** Os yw'r rhan fwyaf o'r arian yn mynd i sefydliadau addysgol amrywiol, mae'n debyg bod rhywfaint ohono'n mynd i gyllido myfyrwyr graddau uwch. A oes unrhyw dystiolaeth bod rhai ohonynt yn wynebu anawsterau wrth orfod disgwyl am eu harian?

**Mr Gray:** There is no evidence of which I am aware. As I say, the contribution that the structural funds make to any given course at a college is relatively small in comparison with the overall cash flow of that college. So far as ESF is concerned, the regime is slightly different insofar as any applicant can draw down 30 per cent of the project's first year costs as an advance. They can then agree with us whether they want the balance of the money at either monthly, quarterly or even six-monthly intervals. On ESF in particular, we can process the claim within five working days. So there is no reason why any college should find itself short of funds so far as the European grant is concerned.

[177] **Janet Davies:** Thank you. I now turn to the exchange rate. It has been fairly stable since most European Union countries converted to the euro; but that could, of course, change. [*Interruption.*]

[178] **Dafydd Wigley:** We will have that debate another time. Carry on, Janet.

[179] **Janet Davies:** How would you

**Mr Gray:** Ni wn am unrhyw dystiolaeth. Fel y dywedais, mae cyfraniad y cronfeydd strwythurol i unrhyw gwrs penodol mewn coleg yn weddol fach o'i gymharu â llif arian cyffredinol y coleg hwnnw. Gyda golwg ar ESF, mae'r drefn ychydig yn wahanol oherwydd gall yr ymgeisydd ddefnyddio 30 y cant o gostau blwyddyn gyntaf y prosiect fel blaendal. Gallant gytuno gyda ni pa un a ydynt yn dymuno derbyn gweddill yr arian un ai yn fisol, yn chwarterol neu hyn yn oed bob chwe mis. O ran ESF yn benodol, gallwn brosesu cais mewn pum niwrnod gwaith. Felly nid oes rheswm pam y dylai unrhyw goleg fod yn brin o arian gyda golwg ar y grant Ewropeaidd.

[177] **Janet Davies:** Diolch. Yr wyf yn awr am droi at y gyfradd gyfnewid. Mae wedi bod yn weddol sefydlog ers i'r rhan fwyaf o wledydd yr Undeb Ewropeaidd droi at yr ewro, ond gallai hynny newid, wrth gwrs. [*Torri ar draws.*]

[178] **Dafydd Wigley:** Byddwn yn mynd ar drywydd y ddadl honno ryw dro eto. Ewch yn eich blaen, Janet.

[179] **Janet Davies:** Sut y byddech yn

respond if the value of sterling changed sharply, and you found that you had either substantially more or substantially less money? In other words, how would you respond if you either had to decommit or find extra schemes in a hurry?

**Mr Gray:** It would help if I just quickly sketched out the policy. Our policy is that our accountant checks the official rates with the Treasury every month; if the rate makes a sustained and consistent movement of 5 per cent more or less over a period of three months, we would then take advice from the Assembly's economic advice division, with a view to recommending to the PMC that the sterling financial tables be revised. The current position is that the rate has remained remarkably stable at around 1.62 per cent, which was the rate at which we set the original tables back in 2000. In April, it was 1.63 per cent; in May, it had fallen to 1.56 per cent, which is the last official rate that we have, and which is still within the 5 per cent tolerance. Any fall in the value of sterling will increase the cash available for the unspent part of the programme. The way that the system works is that, as the eligible expenditure is incurred, we draw the money down from the commission on the basis of rates

ymateb pe byddai gwerth sterling yn newid yn gyflym, fel bod gennych un ai llawer mwy neu lawer llai o arian? Mewn geiriau eraill, sut y byddech yn ymateb petaech yn gorfod dadymrwymo neu'n gorfod dod o hyd i gynlluniau newydd ar frys?

**Mr Gray:** Byddai o gymorth petawn yn amlinellu'r polisi yn gyflym. Ein polisi yw bod ein cyfrifydd yn gwirio'r cyfraddau swyddogol gyda'r Trysorlys bob mis; os yw'r gyfradd yn codi neu'n disgyn 5 y cant yn gyson ac yn barhaus dros gyfnod o dri mis, byddem yn ceisio cyngor gan is-adran cyngor economaidd y Cynulliad, gyda golwg ar argymell i'r pwyllgor monitro rhaglen y dylid newid y tablau ariannol sterling. Y sefyllfa bresennol yw bod y gyfradd wedi aros yn hynod o sefydlog oddeutu 1.62 y cant, sef y gyfradd a ddefnyddiwyd gennym i osod y tablau yn ôl yn 2000. Ym mis Ebrill yr oedd yn 1.63 y cant, ym mis Mai yr oedd wedi disgyn i 1.56 y cant, sef y gyfradd swyddogol olaf sydd gennym, ac sydd o fewn y goddefiant o 5 cant. Bydd unrhyw gwmp yng ngwerth sterling yn cynyddu faint o arian sydd ar gael ar gyfer y rhan nas gwariwyd o'r rhaglen. Y ffordd y mae'r system yn gweithio yw, wrth gael y gwariant cymwys, yr ydym yn defnyddio arian gan y comisiwn ar sail

that are set the month before—so that we cannot do any manipulation or anything—so what you get is that the programme is gradually filled up with money at a given exchange rate. So any variation is then only going to affect what is left of the programme. At present, there is a lot of the programme left; so if the exchange rate were to vary significantly, we have time to amend the financial tables. That, in its turn, would change the amount of money available for each measure and each fund and so on, and the programme managers would be able to react to that in terms of the approval of projects. As we get towards the end of the programme, the situation gets less critical, because there is a relatively small amount that is left to be affected by the exchange rate.

[180] **Dafydd Wigley:** We will watch that scene with a lot of interest. I think that Alun has the next questions.

[181] **Alun Cairns:** Thank you, Cadeirydd. Mr Clarke, I refer you to paragraph 4.92, which talks about the performance reserve. It states that the financial and management criteria that will decide whether Wales qualifies or

y cyfraddau a osodir yn y mis blaenorol—fel na allwn drin y ffigurau neu rywbeth o'r fath—felly yr hyn sy'n digwydd yw bod y rhaglen yn llanw ag arian yn raddol ar gyfradd gyfnewid benodol. Felly bydd unrhyw amrywiad yn effeithio ar yr hyn sy'n weddill o'r rhaglen yn unig. Ar hyn o bryd, mae rhan fawr o'r rhaglen yn weddill; felly petai'r gyfradd gyfnewid yn amrywio'n sylweddol, mae gennym ddigon o amser i newid y tablau ariannol. Bydd hynny, yn ei dro, yn newid faint o arian sydd ar gael ar gyfer pob mesur a phob cronfa ac yn y blaen, a byddai rheolwyr y rhaglenni'n gallu ymateb o ran cymeradwyo prosiectau. Wrth inni nesáu at ddiwedd y rhaglen, ni fydd y sefyllfa mor gritigol, gan mai swm gweddol fach fydd ar ôl y gallai'r gyfradd gyfnewid effeithio arno.

[180] **Dafydd Wigley:** Byddwn yn cadw llygad ar hynny â chryn ddi-ddordeb. Credaf mai Alun sydd â'r cwestiwn nesaf.

[181] **Alun Cairns:** Diolch, Gadeirydd. Mr Clarke, fe'ch cyfeiriai at baragraff 4.92, sy'n edrych ar y gronfa berfformiad wrth gefn. Mae'n nodi na chwblhawyd y meini prawf ariannol a rheoli a fydd yn penderfynu a yw Cymru yn gymwys i

not for the reserve are yet to be finalised. Clearly it is important that these criteria are known so that progress can be monitored. What progress has been made on this, and are you confident that Wales will meet all the criteria necessary to qualify for the reserve? I suspect that there would be a major fallout if we did not.

**Mr Clarke:** We are, obviously, in agreement with the report's conclusions. The predicted outcomes based on approvals seem to indicate that the reserve is likely to be allocated, but it is too early to say whether the targets will be achieved by December 2003. I think that it is a matter of there not being a vast amount of activity, as we said, on the ground at the moment, yet £80 million of payments.

[182] **Alun Cairns:** So can you reassure us—are you confident—that we will be able to receive the reserve?

**Mr Clarke:** I am as confident as I can be. Phil, would you like to endorse my

dderbyn y gronfa wrth gefn ai peidio. Yn amlwg mae'n bwysig ein bod yn gwybod am y meini prawf hyn er mwyn gallu monitro cynnydd. Pa gynnydd sydd wedi'i wneud ar hyn, ac a ydych yn ffyddiog y bydd Cymru'n bodloni'r holl feini prawf angenrheidiol er mwyn cymhwyso ar gyfer y gronfa wrth gefn? Yr wyf yn amau'n gryf y byddai'n achosi cynnen pe na baem.

**Mr Clarke:** Yr ydym yn amlwg yn cytuno â chasgliadau'r adroddiad. Mae'r canlyniadau a ragfynegir ar sail cymeradwyaethau'n ymddangos eu bod yn nodi ei bod yn debygol y dyrennir y gronfa wrth gefn, ond mae'n rhy fuan pennu a gyflawnir y targedau erbyn Rhagfyr 2003 ai peidio. Credaf fod hyn yn ganlyniad i'r ffaith nad oes llawer o weithgarwch, fel y dywedasom, ar lawr gwlad ar hyn o bryd, prin £80 miliwn o daliadau.

[182] **Alun Cairns:** Felly gallwch ein sicrhau—a ydych chi yn ffyddiog—y byddwn yn gallu derbyn y gronfa wrth gefn hon?

**Mr Clarke:** Yr wyf mor ffyddiog ag y gallaf fod. Phil, a garech chi gadarnhau

confidence?

**Mr Gray:** Yes. I think that I would go a stage further than that. I am confident that we will hit the reserve. Ask me in January 2004.

[183] **Dafydd Wigley:** It is clearly important that we do, because we are talking about a substantial amount of money here. We are talking about tens of millions of pounds—4 per cent of the whole thing, so that is £50 million or £60 million—and that money is important to us.

In drawing to a close, I wish to look at the executive summary of the report. Paragraph 20 of the summary has 13 specific recommendations of action that the Auditor General believes WEFO should take. Do you agree with these recommendations, and will you be taking action on each of them?

**Mr Clarke:** We do agree with them, Chair. We have already taken action on many of them, particularly those in respect of appraisal, and we will be

hynny?

**Mr Gray:** Iawn. Credaf y byddwn yn mynd gam ymhellach na hynny. Yr wyf yn ffyddiog y byddwn yn gallu manteisio ar y gronfa wrth gefn. Gofynnwch i mi yn Ionawr 2004.

[183] **Dafydd Wigley:** Mae'n amlwg yn bwysig ein bod yn gwneud hynny, gan ein bod yn sôn am lawer iawn o arian yn hyn o beth. Yr ydym yn sôn am ddegau o filiynau o bunnoedd—4 y cant o'r holl beth, felly mae hynny'n £50 miliwn neu'n £60 miliwn—ac mae'r arian hwnnw'n bwysig i ni.

Wrth dynnu tua'r terfyn, carwn edrych ar grynodedb gweithredol yr adroddiad. Mae paragraff 20 y crynodeb yn cynnwys 13 argymhelliad penodol ar gyfer camau gweithredu y cred yr Archwilydd Cyffredinol y dylai WEFO eu cymryd. A ydych yn cytuno â'r argymhellion hyn, ac a fyddwch yn cymryd camau ar bob un ohonynt?

**Mr Clarke:** Yr ydym yn cytuno â hwy, Gadeirydd. Yr ydym eisoes wedi cymryd camau gweithredu ar nifer ohonynt, yn enwedig y rhai sy'n ymwneud ag arfarnu,

taking action on all the others. Indeed, we agree entirely with them.

[184] **Dafydd Wigley:** That is good, and is noted, I am sure. Finally, paragraph 23 on page 5 impresses that we are dealing with big money. It is essential that we keep an eye on the commitments and the spending levels to avoid decommitment. Figure 15 on page 42 is a very useful summary. I was wondering whether the Auditor General could consider giving us an updated report in that format in 12 months' time. I assume that you, Mr Clarke, would be quite amenable about co-operating with him to that end, if he is agreeable to doing that. If he is agreeable—and I will look to Sir John in a moment—it might also be helpful at that time if you could confirm that the commitments made by WEFO have been delivered and, particularly, what progress has been made on the 2004 target with the new IT system and whether that is going to be met. Would it be reasonable, Sir John, to ask for that sort of review in 12 months' time? I think that it would be useful for us as a Committee to have it.

a byddwn yn cymryd camau ar y gweddill i gyd. Yn wir, yr ydym yn cytuno'n llwyr â hwy.

[184] **Dafydd Wigley:** Mae hynny'n dda, ac yr wyf yn sicr y nodir hynny. I gloi, mae paragraff 23 ar dudalen 5 yn dangos ein bod yn trafod llawer iawn o arian. Mae'n hanfodol ein bod yn cadw llygad barcud ar yr ymrwymadau a'r lefelau gwariant er mwyn osgoi dadymrwymo. Mae ffigur 15 ar dudalen 42 yn grynodedd defnyddiol iawn. Yr oeddwn yn meddwl tybed a allai'r Archwilydd Cyffredinol ystyried cyflwyno adroddiad wedi'i ddiweddarau i ni yn y fformat hwn ymhen 12 mis. Tybiaf y byddech chi, Mr Clarke, yn ddigon bodlon cydweithio ag ef i'r perwyl hwn, os yw ef yn fodlon. Os bydd yn fodlon—a byddaf yn troi at Syr John yn y man—efallai y byddai'n ddefnyddiol hefyd yr adeg honno petaech yn gallu cadarnhau bod ymrwymadau WEFO wedi eu cyflawni ac, yn benodol, pa gynnydd sydd wedi'i wneud ar darged 2004 ar gyfer y system TG newydd ac a gyraeddir y targed hwnnw. A fyddai'n rhesymol, Syr John, ofyn am y math hwnnw o adolygiad ymhen 12 mis? Credaf y byddai'n ddefnyddiol i ni fel Pwyllgor.

**Sir John Bourn:** For my part, I would be glad to carry out that work and report to the Committee, Chairman.

**Syr John Bourn:** O'm rhan i, byddwn yn falch o wneud y gwaith hwnnw a chyflwyno adroddiad i'r Pwyllgor, Gadeirydd.

[185] **Dafydd Wigley:** I am very grateful.

[185] **Dafydd Wigley:** Yr wyf yn ddiolchgar iawn.

Dyna ddiwedd y seisiwn cymryd tystiolaeth. Diolchaf i'r holl dystion am eu hatebion llawn ac adeiladol i'r cwestiynau. Yr oedd hon yn sesiwn bwysig iawn ac yn sesiwn wahanol i'r hyn a gawn yn aml, oherwydd yr ydym yn edrych ymlaen gymaint ag yr ydym yn edrych yn ôl. Mae hynny'n eithriadol o bwysig.

That is the end of the evidence-taking session. I thank all the witnesses for their full and constructive answers to the questions. This was a very important session and a different session from the ones that we often have, because we are looking forward as much as we are looking back. That is extremely important.

Caiff trawsgrifiad o'r trafodion ei anfon atoch er mwyn i chi allu cadarnhau ei fod yn ffeithiol gywir cyn ei gyhoeddi fel rhan o'r cofnodion. Pan gyhoeddir adroddiad y Pwyllgor, caiff y trawsgrifiad ei gynnwys fel rhan o'r atodiad.

A transcript of the proceedings will be sent to you so that you can confirm that it is factually correct before it is published as part of the minutes. When the Committee report is published, the transcript will be included as part of the annex.

Diolchaf yn fawr iawn i'r tystion am fod yn agored iawn â ni. Gwerthfawrogwn hynny. Diolchaf hefyd i Syr John a'i dîm sydd wedi gwneud gwaith sylweddol iawn ar yr adroddiad hwn.

I thank the witnesses for being very open with us. We appreciate that. I also thank Sir John and his team who have done very significant work on this report. We appreciate that very much. Thank you



Gwerthfawrogn hynny'n fawr iawn.      very much.

Diolch yn fawr iawn i chi.

*Daeth y sesiwn cymryd tystiolaeth i ben am 4.33 p.m.*

*The evidence-taking session ended at 4.33 p.m.*

**Note from the Welsh European Funding Office dated 14<sup>th</sup> October 2002 on Assessment of the impact of the Structural Funds on GDP.**

**Private Sector Facilitators**

1. As part of the follow-up to the Objective 1 Task and Finish Group's report the social partners (represented by the CBI, FSB, Chamber Wales, TUC) were asked to consider whether it would be appropriate to provide a 'key fund' for the private sector so that access to the Programme became easier. The partners decided that as the Assembly had made available match funding 'pots' the issue was less likely to be the provision of match funding and more likely to be the expertise and time required to make applications. The partners therefore felt that providing facilitators employed by the private sector to work with the private sector alongside WEFO's private sector unit was the best way to improve access. (North West Wales Chamber had already submitted a bid to do this across North Wales.) The proposal was for a manager and eight facilitators spread across Wales (covering all Programmes).

2. The proposal was put before the Objective 1 PMC in June 2001; it was agreed. Funding was to be provided out of technical assistance budgets and matched by the Welsh Assembly Government. The social partners were then invited to put in an application for the funding (a standard process for bids for technical assistance).

3. A meeting was held with the partners in July 2001 to discuss what would be required in the application. It was agreed that the most appropriate applicant would be the about-to-be-established Wales Social Partners Unit. WEFO suggested that the easiest route for the partners would be for them to produce a draft business plan. This would be discussed and agreed and WEFO would then assist in translating the plan into applications for Objectives 1, 2 and 3.

4. The consideration of the North Wales proposal was put on hold pending an application for funding for the whole of Wales. As no proposal was forthcoming (despite encouragement from WEFO) in November it was decided to approve the North Wales project on the condition that it was for one year only and that the post would be integrated with the all-Wales project once that was approved.

5.The draft business plan for the all-Wales project was received by WEFO in December 2001. A meeting was arranged in January 2002 to discuss and to provide guidance on how this would translate into an application firstly for Objective 1. The draft application in the name of the Wales Social Partners Unit was received by WEFO on 7 July 2002.

6.On 22 July 2002 WEFO received a letter from the Wales Social Partners Unit (WSPU) asking that the application be withdrawn as the WSPU Board had decided that it felt it would be more appropriate for the application to be made by Chamber Wales.

7.On 7 August WEFO met with the North Wales Facilitator, who had been given responsibility for taking forward the bid on behalf of Chamber Wales. The way ahead was agreed.

8.Applications for Objective 1, Objective 2 and Objective 3 have now been received. We are consulting with partnerships (this process takes 35 days) and we therefore anticipate formally approving the projects early in November. We have however given approval for the recruitment process to start (subject to no appointment being made before formal approval is given) so that the remaining facilitators can be in post as quickly as possible.

**Note from the Welsh European Funding Office dated 14 October 2002 on the assessment of the impact of the Structural Funds on GDP**

There are no EU guidelines and no EU-approved economic model to provide a unique methodology for assessing the impact of Structural Funds on GDP. The Single Programme Document provides estimates of the overall impact of the programme, for example in terms of numbers of jobs created. And project appraisals provide similar information at the level of individual projects.

Whilst the increased spending associated with the use of Structural Funds would be expected to have both direct and multiplier effects on the GDP of the areas affected, structural funds are intended primarily to promote improvements in economic performance which will persist beyond the programme period. (The direct and multiplier effects will persist only as long as the increased spending persists.) There is no uniform approach to assessing such long-run effects, although there have been several analyses of the impact of structural funds in other regions of Europe using explicit econometric models such as HERMIN and QUEST. Typically such analyses provide a range of answers for a given region over a given time period, depending on precisely what assumptions are made about the effects of, for example, investment in education or infrastructure on private sector productivity.

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

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**The Audit Committee**

The membership of the Committee as appointed on 21<sup>st</sup> March 2002:

Dafydd Wigley (Plaid Cymru) – Chair

Alun Cairns (Conservative)

Janet Davies (Plaid Cymru)

Jocelyn Davies (Plaid Cymru)

Alison Halford (Labour)

Ann Jones (Labour)

Val Lloyd (Labour)

Janice Gregory (Labour)

Eleanor Burnham (Liberal Democrat)

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