

DRAFT**OBJECTIVE 1: SHADOW MONITORING COMMITTEE****Minutes of meeting on Tuesday 7 March 2000, National Assembly Building****Present**

Those listed at Annex A.

Item 1. Introduction

The Chair welcomed members to the first meeting of the Committee. He was pleased to have the presence of Phil Williams AM, other elected members and senior representatives from the partnership. He also extended a welcome to John Clarke, recently appointed to head the new Programme Executive.

2. The Committee would be undertaking important responsibilities, managing and supervising a development programme of £2 - £2.4 billion. The position was still fluid. Negotiations with the European Commission were still in train, a new Programme Executive was being formed and the implementation process for Objective 1 would be radically different to its predecessors. The Committee could not formally assume its functions until there was agreement on a Single Programming Document (SPD), which was still some weeks off. He had, however, reached the view that the Committee should meet in shadow form so that it could prepare the ground and be ready for a speedy launch to the Programme.

3. Questioned about the role of members, potential conflicts of interest and the wider circulation of Committee papers, the Chair suggested that the Committee should also consider whether its proceedings should be held in private or public. The work of the Committee was of considerable public interest and the case for transparency was a strong one. On the other hand, if open meetings were adopted, some provision would have to be made for sensitive issues, especially those involving commercial confidentiality. The Internet also offered new options on the public availability of Committee papers.

4. In discussion, the following points were made:

- the draft Procedures before the Committee included proposals on handling conflicts of interest;

- the circulation of Committee papers needed to be approached with some care. They had a short shelf-life and those concerned eg with the Commission negotiations were likely to be out of date very rapidly;
- the Committee should develop a broad communications strategy which would address not only the circulation of paper but also the means by which messages were properly understood and absorbed by the intended audience;
- there were good arguments for open meetings. Much of the Committee's business would not be particularly sensitive and it was open to the Committee to go into a closed session where the subject matter warranted this;
- open to the public also meant open to the Press. It was important that the proceedings of the Committee should be accurately disseminated and an official summary of meetings might help in achieving this.

5. Summing up the discussion, the Chair said that the broad view of the Committee was that future meetings should be open to the public and the Press. The agendas should also be constructed so as to distinguish items that should be taken in closed session. Further consideration should be given to the proposal for a communications strategy and to the idea of a summary record of meetings that could be made publicly available. **(Action: Secretariat).**

Item 2: Functions and Procedures (MSC(00)1)

6. Mr Cochlin explained that, when formally established, the Committee would be asked to adopt its terms of reference and procedures. The paper set out first draft proposals for these. In part, the draft functions flowed directly from European Regulations, though there were additions to reflect the implementation process that had been agreed for Objective 1. It was not necessary for the Committee to discuss the detail and members were invited to send in written comments.

7. There were one or two matters on which the Committee might have a preliminary exchange of views. First, there was the issue of how to address the cross-cutting themes, notably those of equal opportunities and sustainable development. It would be possible to provide for these issues to be tackled through the Executive and the Monitoring Committee itself but, to

be effective, it was arguable that they should be considered by partnerships at the outset in the formulation of Action Plans. Second, on the question of publicity, a hot-line was operated by the Assembly and a leaflet on Objective 1 had also been given a very wide circulation. There was pressure to do more. However, it was felt it would be more cost-effective if the next round of publicity could be based on an agreed SPD so that the guidance could be tailored for particular audiences eg business, local authorities or the voluntary sector. This might be looked at as part of a communications strategy for the Committee.

8. In discussion, the following points were made:

- there were good sources of material on how equal opportunities might be mainstreamed into programme activity. The European Commission had itself produced a “tool-kit” which offered a useful reference point;
- it was misleading to assume that disability was less of a problem than elsewhere for the Objective 1 area. Wales had two counties which headed the UK league for people whose disabilities affected their employment prospects;
- the Committee would have to ensure it had the means to monitor progress in fields such as the environment and equal opportunities. Good baseline data would be essential for this purpose. The environment bodies would be able to provide advice for the Committee on mainstreaming sustainability into Programme implementation;
- there had been discussions between the partners and DG Environment in Brussels. The latter had emphasised that sustainability had to be addressed across all Priorities in the SPD. Furthermore, once agreement had been reached on the SPD, an updated ex ante environmental appraisal would be required;
- the question of spatial targeting had to be tackled. One question was whether for targeting purposes the Objective 1 area might be segmented into North West and South West Wales and the southern industrial belt;
- the Committee should bear in mind that sub-regional and local partnerships would play an important part in the delivery of the Programme. They would be best placed to reflect the needs and priorities of an area and decide where improvement was most necessary. The SPD should not be too prescriptive;

- a communications strategy should be flexible and take account of the positive contribution that might be made eg by field workers and other partners in promoting the Programme across the Objective 1 area;
- there was no reference to the importance of retaining and promoting the distinctive language and culture of Wales, as well as those from ethnic minorities whose interests also had to be fostered;
- it would be more accurate to refer to cross-cutting “aims” rather than “themes” of which there might be quite a few in the Programme.
- there should be an induction course to train Monitoring Committee members for their new responsibilities.

9. Summing up the discussion, the Chair said that his own delegation’s recent talks in Brussels had emphasised the very high priority which the Commission gave to the issues of sustainable development and equal opportunities, especially childcare provision. Effective mainstreaming within the SPD was vital and the Secretariat should be asked to convene a partnership meeting to discuss this. The Commission had also acknowledged the significance of language and culture. The question of spatial targeting was also firmly on the agenda, though the Commission message here was confused. They had been interested in the issue of rurality, but had also spoken about the designation of particular geographical zones. Other points made in the discussion, including the question of training for members, would be taken into account by the Secretariat, who would be requested to report back to the Committee. **(Action: Secretariat)**

Item 3: Membership of the Committee (MCS(00)2)

10. Introducing the paper, Mr Cochlin said that membership of the Monitoring Committee had been decided on the basis of the “one-thirds” principle. Nominations had also been sought taking into account the need to promote gender balance. There had been two developments. The Assembly’s Economic Development Committee (EDC) had recommended that those bodies with statutory advisory responsibilities, especially those concerned with equality issues, should participate in the Committee. Thus there were proposals for two environmental bodies, three responsible for equality issues and one concerned with tourism policy. Second, the EDC had expressed disappointment that the Monitoring Committee included only 7 women out of

a core membership, excluding the Chair, of 18. It had asked that the issue should be placed on the agenda for the first meeting.

11. In discussion, the following points were made:

- equality should be interpreted broadly by the Committee which should take account of eg ethnicity;
- the overall composition of the Committee included the statutory bodies and civil servants. This worsened the representation of women on the Committee;
- it was particularly disappointing that local Government had nominated four men to fill the two member and two alternate places. Cllr Crowley explained the difficulties faced by the Association but agreed to report the Committee's feelings to the WLGA;
- the statutory advisory bodies would be free to attend Committee meetings and to receive all papers, but it had not been envisaged that they would enjoy the same voting rights as members. It was argued however that, in past Programmes, Monitoring Committees had operated well on the basis of consensus rather than voting and this principle should be retained;
- North Wales was relatively poorly represented with only three identifiable members;
- through the WCVA and its partnership organisations, there were good links to the thousands of small voluntary and community bodies. There was also ready access to the County Voluntary Councils. In addition, the BTCV worked on its own account with around 200 voluntary groups, but it had also been nominated by the Wales Wildlife Link which itself had a very broad partnership base. The Groundwork Trust also liaised with a wide variety of voluntary and community groups including the Development Trusts, Community Enterprise Wales and the LEADER network;

12. Summing up the discussion, the Chair said that the Committee endorsed the composition of the Committee as set out at Annex A to the paper. However, all representatives were invited to consider again the question of gender balance and to examine ways of fostering stronger representation by women. The WLGA would give this particular consideration. He was

convinced from his own recent talks with the European Commission that equality of opportunity and gender balance were of cardinal importance for them and the Committee would have to demonstrate that it was adopting these principles. The question of representation from North Wales was another issue which needed to be kept in mind.

Item 4: European Programme Executive (MCS(00)3)

13. Introducing the paper, the Chair recalled that the executive arrangements within Wales had a mixed history. In the 1980s and early 1990s, the executive had been provided by the Welsh Office. This had been perceived as a very centralist organisation with little genuine partnership involvement. This had been replaced by the creation of the WEPE company, limited by guarantee and owned by the partnership. This had worked well, though it had involved the separation of general administrative functions from those of budgetary and financial responsibility. The arrangement to be adopted for the new Objective 1 and other Programmes involved the creation of an executive agency within the Assembly with comprehensive coverage of all aspects of programme management. It should not however be seen as a reversion to the days of Welsh Office control. A fundamental difference was that the organisation would be headed by John Clarke who would be a second Accounting Officer with direct accountability for the Funds. The new body would exist to service Monitoring Committees in the implementation and management of all Structural Funds programmes.

14. John Clarke added that he would take up post later that month. He was however already engaged in a range of preparatory work for the new organisation and he was confident that this would be operational by the start date of 1 April.

15. In discussion, the following points were made:

- the new body appeared to have a dual reporting line, responsible to the Assembly as well as the Monitoring Committees;
- the pro-active and innovative role envisaged for the Executive was welcomed and it would be useful to know how this would be exercised. The Executive's specific responsibilities should be codified;

- the responsibilities listed at Annex A included policy advice on additionality, an issue handled at the UK level. It was noted, however, that project additionality would be of concern to the Committee and the Executive would have an advisory role in that.
- the Executive would be staffed by civil servants, but it would work for a partnership. It was expected to have dedicated staff dealing with equality matters, the environment and advice to the private sector and there was an open invitation to partnership bodies to consider secondments to the Executive.

Summing up the discussion, the Chair said that the Executive's accountability for the funds allocated to it inevitably involved a responsibility to the Assembly. This would not, however, detract from its duties to the Monitoring Committee which would be set out in the documents to be agreed. He commended the partners to reflect on the opportunities to second staff to the organisation.

Item 5: Negotiations with the European Commission

16. The Chair said that, during a visit to Brussels by the Assembly's European Committee in the previous week, he had led a small delegation for discussion with Mr Meadows and colleagues at the European Commission. The meeting had been very useful in bringing home to the delegation the Commission's stance in the negotiations. Phil Williams AM confirmed that it had been an instructive visit.

17. Mr Cochlin reported that there was a UK level discussion in Brussels that day at which "horizontal" issues such as implementation and funding were under discussion. The Assembly was represented in the talks. A further negotiating session involving partners was planned for 14 March in Brussels and a de-briefing would be given on 16 March to a partnership Working Group, at which the interests covered by Monitoring Committee members would be represented. Thereafter, the timetable was less certain. The aim of both sides was to conclude an agreement on the SPD around the end of March and an Assembly Plenary debate was scheduled for 12 April. In the interim, Assembly Committees, notably the EDC, would want to consider the outcome to the negotiations. Events would be fast-moving and close liaison between the partners would be essential.

18. The Committee took note.

Item 6: Programme Timetable (MCS(00)4)

19. Mr Cochlin explained that the starting point was the system of Action Plans and the creation of Accountable Bodies which would underpin the Programme over the medium term. These were complex matters and it would inevitably take time before the relevant bodies would be authorised and Plans finalised, yet there was pressure on the Assembly to move swiftly. There was also the need to take account of the financial profile set by the Commission which would demand early progress.

20. The question floated in the paper was whether the Committee wished to consider a “fast-track” launch of the Programme before the summer. This would require urgent consideration with partners but, based on Action Plans already in preparation, it should be achievable.

21. In discussion, the following points were made:

- in a number of cases, there was doubt whether the required partnerships would have been formed and operational in time to allow firm proposals to be submitted by the summer;
- a pre-summer launch would carry risks. Implementation of the SPD would have to be tackled in a balanced way and there was the possibility that a first round concentration on readily available proposals would skew the delivery of the Programme;
- no commitments could be made before a Programme Complement was agreed by the Monitoring Committee. That process itself would be difficult and would take time;
- the Monitoring Committee had been appointed to exercise its judgement in the management of the Programme and, where appropriate, to take calculated risks. It should be ready to act quickly.

22. Having invited further comments, the Chair said that the balance of opinion of the meeting was that every effort should be made to secure a balanced pre-summer launch of the Programme. There was pressure around the Objective 1 area to do this and the Committee had to keep in mind the Commission’s financial profile, which argued for early, substantial commitments. The Secretariat should discuss the options urgently with the relevant partners and report back. In the meantime, the partnership generally should be alerted to the Committee’s thinking. **(Action: Secretariat)**

Item 7: Programme Funding

23. The Chair said that the size of the Assembly "Block" was traditionally calculated primarily on the basis of the Barnett formula, reflecting movement up or down in the size of comparable English budgets. European funds were received by Treasury and payments out were scored as part of these public expenditure totals. There was some existing provision in the Block to provide cover for European receipts, but the system was not well-equipped to manage Objective 1 where the sheer scale of the European funds into Wales could not be financed by the conventional methodology. As part of the Spending Review, discussions were therefore to be held with Treasury for an enhancement of the Block to provide the necessary funds. This process would now however be completed until the summer. The Assembly would have to consider endorsement of the Objective 1 Programme in April. Match funding was in a different category. This was traditionally the responsibility of project sponsors, though some organisations were more dependent than others on Assembly financial support.

24. The problem did not, however, arise until 2001-2002. For the current financial year, £25 million public expenditure cover was included in the Assembly's budget and this was considered sufficient to meet likely obligations. If the provision proved inadequate, an application could if necessary be made to draw down additional sums from the Contingency Reserve.

25. The Committee took note and requested the Secretariat to produce a simple guide on the rules governing commitments and payments under the Programme.

Item 8: Action Plans (MCS(00)5)

26. Mr Cochlin said there had been agreement in the Assembly and in the partnership that the Programme should be managed strategically through Action Plans and the appointment of Accountable Bodies. It was known that local authorities were already hard at work with local partners drawing up strategies for their own areas. National bodies had also been invited to consider how Regional Action Plans might bring a strategic approach to the implementation of the Programme in certain key sectors. The annexes to Paper 5 described the progress made. There was further urgent work to be carried out. First, Regional Action Plans should be firmed up to the point where these could be considered by the Monitoring Committee. Second, there was the important question of linkages between Plans at various spatial levels. These would be studied in the context of particular Action Plans but

the paper proposed that the Secretariat should also review the linkages and identify any problems.

27. In discussion, the following points were made:

- a strategic approach to Objective 1 was essential if the area was to make most effective use of the funds available. Good quality Action Plans were central to this;
- bodies involved in the preparation of Regional Plans had not fully engaged the partnership as they felt they had no authority to do so. A great deal of resource was also required to develop the Plans and it was important that this effort should not be wasted. Some clear mandate from the Monitoring Committee would be extremely helpful;
- all Plans should tackle the cross-cutting aims of the Programme. These should be built in from the outset and partnerships should ensure that appropriate advice was available to them;
- great care was needed so that those wishing to benefit from the funds, especially the smaller organisations, were not faced with a complex and bureaucratic process, especially where more than one Programme Priority was involved.
- some flexibility over the composition of partnerships and adoption of the one-third principle might be appropriate in the detailed preparation of Plans;
- the development and management of Plans would be resource-intensive. Clarification of the availability of technical assistance funding was important.

28. Summing up the discussion, the Chair said that the Committee endorsed the proposals for further work set out in the paper. Without prejudice to the Committee's views on the eventual content of Plans, those bodies engaged on Regional Action Plans would now be authorised to press on with the formation of partnerships for this purpose and to put firm proposals to the Committee at its next meeting. The Secretariat would be asked to maintain close contact with all relevant partner bodies and to consider in particular the question of linkages between Plans. The clear view of the Committee was that the "one-thirds" principle should be adhered to in all partnership groups.

Item 9: Accountable Bodies (MCS(00)6)

29. Mr Cochlin said the paper simply invited the Committee to take note of the work in hand. The introduction of Accountable Bodies was an innovation in the administration of the Funds in Wales and raised difficult management, legal and financial issues. The study currently in hand was addressing these.

30. Rheon Tomos said that his study included discussion with a range of partners in Wales and he would welcome discussions with any of the parties with an interest. His study included discussions with those in England who had experience of the Accountable Body system.

31. In discussion, it was proposed that there should be greater clarification in particular of the relationships within partnerships and the accountability of the various parties. Paragraph 2.2 of Annex A to the paper was unclear, and it was not apparent how the duties and responsibilities of an Accountable Body linked with those of the Programme Executive and the Monitoring Committee itself.

32. The Committee took note of the paper.

Date and Place of Next Meeting

33. It was agreed that members would be informed separately of the date and venue for the next meeting of the Committee.

Secretariat
March 2000

Annex A

Shadow Monitoring Committee, 7 March 2000

Those present:

Rhodri Morgan AM, MP (Chair)
First Secretary

Phil Williams AM	National Assembly
Cllr Noel Crowley	Neath Port Talbot CBC
Cllr Ronnie Hughes	Conwy CBC
Hilary Hendy	WDA
Prof Robin Williams	University of Wales, Swansea
Grenville Jackson	Mid Wales TEC
Anne Beynon	BT
George Watson	FSB
Adrian Barsby	North Wales Chamber
Jim Hancock	T & GW
Simon Jones	Wales Co-operative Centre
Bill Goldsworthy	NFU Cymru
Graham Benfield	WCVA
Margaret Jervis	WCVA
Anne Miekle	British Trust for Conservation Volunteers
Kevin Fitzpatrick	Disability Rights Commissioner, Wales
Sian Swann	Chwarae Teg
Kate Bennett	Equal Opportunities Commission
Sue Price	Groundwork Wales
Elwyn Vaughan	Cymad, Gwynedd
Paul Loveluck	CCW
Roger Thomas	Environment Agency Wales
Jonathan Jones	WTB
Derek Jones	National Assembly
John Clarke	European Programme Executive
Rheon Tomos	National Assembly
Michael Cochlin	National Assembly