

Wales and the EU: Partnership for Jobs and Growth

Consultation on European Structural Funds 2014–2020: West Wales & the Valleys & East Wales

Consultation Response Form

Your name: Colette Price & David Letellier

Organisation (if applicable): Natural Resources Wales

email / telephone number: Colette.price@cyfoethnaturiolcymru.gov.uk,
david.letellier@cyfoethnaturiolcymru.gov.uk

Your address: Natural Resources Wales, Ty Cambria, 29 Newport Road,
Cardiff, CF24 0TP

The responses to the consultation questions set out below will play an important part in the preparation of the final text of the Operational Programmes, which we are aiming to submit to the European Commission later in 2013. Formal responses to the consultation will be considered alongside views expressed in various regional consultation events planned for early 2013. Views are sought from all those with an interest.

Contact details

Please send responses to the consultation to:

Programme Development Division
Welsh European Funding Office
Welsh Government
Rhydycar
Merthyr Tydfil
CF48 1UZ

Or by email to: WEFO-Post2013Programmes@wales.gsi.gov.uk

If you have any queries, please contact the team on: 0300 062 8580

Responses are sought by **23 April 2013**

The following questions are designed to help structure the responses to this Consultation Document:

Analysis

1. Do you agree that we have identified the key economic and labour market challenges and opportunities?

			X	
Strongly Agree	Agree	Neither agree nor disagree	Disagree	Strongly Disagree

Please add in any reasons for your response in the box below:

Low-Carbon economy:

1. NRW has some concern that low-C economy is listed in the SWOT only as a threat. It also offers opportunities to Welsh Government in order to help deliver Sustainable Development as its central organising principle.

NRW welcomes the recognition given to our natural assets as having an economic role in emerging sectors such as renewable energy and low-C technology. However, we feel that there are other sectors which could also recognise the economic role of the environment, such as tourism.

Tourism:

2. NRW strongly supports the suggestion at 1.20 that Wales' could capitalise on its natural assets as a basis for economic growth, including the economic benefits arising from Wales' rich environment and unique heritage through tourism. However the opportunities for realising those benefits directly related to the environment and heritage appear limited in the proposed Programme.
3. In his statement of 8 May 2012, the Deputy Minister for Agriculture, Fisheries, Food and European Programmes announced that there would be a presumption against using EU funds for certain investment areas. One of these areas would be 'managed access to countryside and coast and initiatives developing the natural, historic and cultural environment'. This appears to indicate that the 2014-2020 programmes will not invest in tourism despite the suggestion in paragraph 1.20.
4. The final report of "The Economic Case for the Visitor Economy" (Wales Tourism Alliance - Definitive Value Report) by Deloitte & Oxford Economics published in June 2010 illustrates the importance of tourism to the economy of Wales compared to other parts of the UK. The total contribution in 2009 (which includes impacts through the supply chain, of capital investment and Government expenditure) accounts for £6.2bn of GDP, 13.3% of the total economy - compared to 8.6% in England, 10.4% in Scotland and 4.9% in Northern Ireland.
5. The same report also highlights the importance of tourism to employment in Wales. The total contribution in 2009 accounted for

0.17m jobs in Wales, 12.7% of the total workforce. The direct contribution supports around 0.09m jobs, 6.9% of the Wales workforce.

6. In light of this, we would urge WEFO to reconsider the position on investment in the natural environment, removing the presumption against using EU funds for this sector and identifying indicators directly relating to the tourism economy.

Environmental Risk:

7. The Deputy Minister's statement of 8 May 2012, also announced a presumption against funding for projects delivering flood and coastal erosion risk management activities as the primary focus. NRW is concerned that this will compromise the ability to prepare for the economic challenges that climate change will bring.
8. April to June was the wettest since records began and insurance losses from flooding were then estimated at £0.5bn. Using summer flood damage as a proxy to the recent flooding across the UK, we estimate the cost to industry in 2012 to now add up to around £1bn' (Khan, Dec 2012 - <http://www.telegraph.co.uk/finance/newsbysector/banksandfinance/insurance/9728932/November-floods-push-insurance-losses-past-1bn.html>). This statement confirms that flooding hinders economic prosperity.
9. Cardiff University's Business School was commissioned by Welsh Government to undertake research into the economic benefits of the work of the flood and coastal erosion risk management programme in terms of investment and the impact on jobs protected, jobs created and the gross value added.
10. The research shows that of the £65 million spent at the time of the research, over £41 million (two thirds) was spent in Wales. This generates £7.4 million Gross Value Added and 130 full time equivalent jobs have been supported or created following the flood and coastal erosion risk management work.
11. In addition, as direct contractors subcontract part of the works or buy in goods and services, and as construction workers spend their wages in Wales, the multiplier effects widen, with a further 800 full time job-equivalents supported or created across Wales. This would be associated with £30 million Gross Value Added.
12. It is estimated that 930 jobs have been supported or created across Wales as a result of the flood and coastal erosion risk management construction works to date.
13. NRW would welcome the opportunity to re-open the dialogue with WEFO on using structural funds to protect businesses and communities in Wales against the risk of flooding.

The Strategy

2. Do you support the strategic vision, aims and objectives?

	x			
Strongly Agree	Agree	Neither agree nor disagree	Disagree	Strongly Disagree

Please add in any reasons for your response in the box below:

14. NRW welcomes the recognition in para 1.22 'Growth and Jobs', that the Structural Fund programmes will support the Programme for Government's aim of positioning Wales as a low carbon, green economy. However, low carbon then only appears in the SWOT analysis as a threat and not also as an opportunity.
15. We welcome the statement in para 1.22 that the Sustainable Development Cross Cutting theme will require project sponsors to demonstrate how their projects will promote environmental sustainability. We are happy to help you develop measures for sponsors to demonstrate the environmental sustainability of projects and actions that can be taken for any project which fails to deliver on this theme once the project is underway.
16. NRW is pleased to see that the Vision of the Strategy refers to sustainable economic growth and is happy to help you develop more detail to define this and explain how it will be assessed in projects supported by the Structural Funds.
17. In relation to the Aims of the Strategy, we welcome the promotion of sustainable development to support transition to a high-value added and low-carbon economy. We suggest you also recognise the vital role that the natural environment plays in both the economic and social well-being of Wales.

3. Do you agree with the approach to integration of the various European funding streams?

	x			
Strongly Agree	Agree	Neither agree nor disagree	Disagree	Strongly Disagree

Please add in any reasons for your response in the box below:

18. We are supportive of greater integration, which is in line with Sustainable Development principles encompassing social, environmental and economic aspects. Integration could be particularly useful in large landscape scale projects which encompass all aspects of Sustainable Development, not only the environmental aspect.

19. Integration between funding streams is desirable since this can lead to synergy which can maximise the effectiveness and value of the funds available.
20. We agree with proposed areas of complementarity mentioned in 1.33 and also agree that a joined-up approach to delivery could be helpful to project sponsors and offer efficiencies for all concerned.
21. We would be happy to see closer integration of other (non CSF) funding but have some concerns over the practicalities of the proposal. LIFE is managed at an EU level and it could prove very difficult to match up the LIFE funding timetable with the Structural Fund process. We would welcome discussions with WEFO on how this integration could be managed. The LIFE programme for 2014-20 will include a priority for Integrated Projects – these will be very large landscape scale projects, possibly limited to one or two per Member State. These Integrated Projects will be expected to utilise funding from other European, domestic or private sources to complement LIFE funding to tackle environmental issues. NRW would welcome the opportunity to discuss with WEFO the opportunities offered by such projects.

ERDF & ESF Priorities

4. Do you agree with the focus of the priorities?

			x	
Strongly Agree	Agree	Neither agree nor disagree	Disagree	Strongly Disagree

Please add in any reasons for your response in the box below:

22. We recognise that the Structural Funds are intended to support jobs and growth, and the requirement for increased concentration to meet these very important outcomes. However, the economic value of Wales' natural resources and their role in Sustainable Development hasn't been included and as demonstrated in our response to question 1 also contributes to these outcomes.
23. Para 1.41 describes the overarching principles of the Programme. We suggest Sustainable Development should be the overarching principle rather than a cross cutting theme for the Programmes. The three strands of sustainable development are complementary, we suggest that environment, society and economy should be pursued together.
24. We would be happy to advise WEFO on this topic.

Cross Cutting Themes

5. Do you agree with the approach adopted for the Cross Cutting Themes?

		x		
Strongly Agree	Agree	Neither agree nor disagree	Disagree	Strongly Disagree

Please add in any reasons for your response in the box below:

Sustainable Development as a Cross-Cutting Theme

25. We are pleased that WEFO recognises that there is a need to ensure that environmental and long-term aspects of projects are fully considered and believe that the Sustainable Development Cross-Cutting Theme provides the basis to ensure that the EU programmes in Wales have Sustainable Development as their central organising principle.

26. We recognise that it will be challenging to assess all the projects against Environmental Sustainability criteria, and to inform and advise project sponsors at the beginning of the process to maximise the sustainability of the projects.

27. NRW would welcome the opportunity to continue to work with WEFO to discuss, and advise on the Sustainable Development Cross-Cutting Theme strategy for the 2014-2020 programming period.

Implementation arrangements

6. To what extent should we target resources on key industrial/business sectors?

	x	
Completely	To some extent	Not at all

Please add in any reasons for your response in the box below:

28. We believe it is reasonable to have in mind key sectors on which to target resources. We suggest that there is also some room for flexibility to take into account new and emerging opportunities over the funding period if the key sector projects don't come forward as planned.

7. To what extent should we target resources on the economic growth of particular geographical areas?

	x	
Completely	To some extent	Not at all

Please add in any reasons for your response in the box below:

29. In spatial targeting care needs to be taken not to provide perverse incentives whereby established companies move their operations to locations where they receive funding - such 'displacement' will often not lead to additional job creation it merely shifts the location of jobs.

8. How can we maximise the benefits of a City Region approach and European Structural Funding?

30. No comment

9. To what extent should we make use of repayable finance rather than grants?

Please add in any reasons for your response in the box below:

31. No comment

10. What do you think the balance between ERDF and ESF resources should be (in percentage terms)?

ERDF	ESF	Please tick below
75%	25%	
60%	40%	
50%	50%	
40%	60%	
25%	75%	
		Other (please specify)

Please add in any reasons for your response in the box below:

32. No comment

11. What circumstances would warrant the transfer of resources between West Wales & the Valleys and East Wales?

33. No comment

12. How might implementation of future programmes be simplified and streamlined?

34. In the current programme, a major impediment to streamlining at the overall Partnership level has been the difficulty of securing Match Funding. Plus the time spent by organisations seeking it. This has also meant delayed project implementation in many cases. We are aware that third sector organisations and agencies acting as lead sponsors

have experienced problems. We are happy to share with you the information we have gathered in this regard and believe there is scope for improvement and streamlining in the next round. We are happy to help with this.

35. Streamlining can also be assisted by a focus on what the Guilford review has termed a 'portfolio management approach'. This approach relates to where an overall objective (e.g. increased number of jobs created in an economy) is delivered through a mixture of projects. Success here is measured at the overall portfolio level. Importantly, there is an in-built recognition that some individual projects and activities may under or over-perform or even fail altogether. Further, the focus of the primary monitoring activity is directly to the overall outcome(s) of the portfolio. Process reviews and the accounting for transient outputs are given less priority, and thus constitute less of an administrative burden on key, outcome-focused action.

13. To what extent is there scope for streamlining our Partnership Arrangements?

		x
Completely	To some extent	Not at all

Please add in any reasons for your response in the box below:

36. Since this may well be the last major round of EU funding that Wales receives, the key aim should be to get valuable work identified and implemented on the ground, as soon as possible. Reworking the systems and processes may frustrate this. We believe it is better to run with existing systems that are well understood and capable of being enhanced in the operational phase. This will help ensure smooth implementation. Therefore, it is recommended that the focus on large projects managed and 'sponsored' by a lead sponsor be retained in the next round of funding.

14. We have asked a number of specific questions. If you have any related issues which we have not specifically addressed, please use this space to report them:

37. Green Infrastructure:

In correspondence in October 2012 to Countryside Council for Wales the then Deputy Minister for EU programmes, Alun Davies, cited his interest to look further into how Green Infrastructure can inform all major investment projects delivered through the ERDF funds.

We thought it would help to include the definition developed by Natural England. Green Infrastructure is a strategically planned and delivered network comprising the broadest range of high quality green spaces and other environmental features. It should be designed and managed as a multifunctional resource capable of delivering those ecological services and quality of life benefits required by the communities it serves and needed to underpin sustainability. Its design and

management should also respect and enhance the character and distinctiveness of an area with regard to habitats and landscape types.

It includes:

Parks and Gardens: Urban parks, Country and Regional Parks, formal gardens

Amenity Greenspace: Informal recreation spaces, housing green spaces, domestic gardens, village greens, urban commons, other incidental space, green roofs

Natural and semi-natural urban greenspaces: Woodland and scrub, grassland (e.g. downland and meadow), heath or moor, wetlands, open and running water, wastelands and disturbed ground), bare rock habitats (e.g. cliffs and quarries)

Green corridors: – Rivers and canals including their banks, road and rail corridors, cycling routes, pedestrian paths, and rights of way

Other: Allotments, community gardens, city farms, cemeteries and Churchyards

Some of the economic benefits of Green Infrastructure include higher house prices, inward investment, tourism and labour productivity (Microeconomic Evidence for the Benefits of Investment in the Environment – Natural England)

NRW would welcome an opportunity to discuss the concept of Green Infrastructure with WEFO to inform the 2014-2020 programming period.

Responses to consultations may be made public – on the internet or in a report. If you would prefer your response to be kept confidential, please tick here: