

## CHAPTER 5: APPRAISAL OF PERFORMANCE OF PREVIOUS PROGRAMMES AND LESSONS LEARNT

### INTRODUCTION

Cornwall and Scilly have benefited considerably from Structural Fund monies in the current 1994-1999 programming period. The key sources of EU funding have been as follows:

- ◆ Devon and Cornwall Objective 5b (rural development) – ERDF, ESF, EAGGF;
- ◆ LEADER II (pilot actions in rural areas) – ERDF, ESF, EAGGF;
- ◆ PESCA (fisheries dependent areas) – ERDF, ESF, FIG;
- ◆ KONVER (defence dependent areas) – ERDF, ESF and
- ◆ SME (small and medium sized enterprises) – ERDF, ESF
- ◆ Great Britain Objective 3

### DEVON AND CORNWALL OBJECTIVE 5(B) 1994-1999

#### Strategic Framework

The strategic aim of the Objective 5(b) programme was to *“Reduce disparities between the 5(b) area and the European Union as a whole, by the achieving of above average employment and income growth, through an economic development strategy focussing on the regions SMEs by promoting industrial competitiveness and assisting diversification within declining industries, while conserving the environmental quality of the region as a key resource”.*

The document set out 5 Priorities by which the strategy would be delivered:

1. SME and Business Development:
2. Tourism
3. Agriculture
4. Community Regeneration
5. Environment

#### Programme Targets

In order to determine whether the strategic aim of the Programme had been achieved, a number of quantified targets were established in the SPD:

- ◆ GDP per capita to reach 84% of the UK average ( from 79.2).
- ◆ Male average earnings to reach 88% of the UK average (from 83.0).
- ◆ Female average earnings to reach 92% of the UK average (from 86.9).
- ◆ Additional jobs, equivalent to 3.5% of all jobs, are created.
- ◆ 11% of all jobs supported/safeguarded by the programme.
- ◆ Non agricultural VAT registered businesses to increase by 5%.
- ◆ Unemployment to fall to GB average.
- ◆ Manufacturing Gross Value Added to increase to 96% of UK average (from 89.6).

As the end of the Programme period was 31 December 1999 (and the full impact of projects supported will not occur until 2000/2001), it is not possible, at this stage, to assess the extent to which these

targets have been achieved. A full ex-post evaluation will be required before any judgement can be made of the relative success of the Programme and its impact on the economy of the Objective 5(b) area.

The Interim Evaluation, undertaken in May 1997 after only 2 years of operation, commented that some of these targets (1, 2, 3 & 8) were “essentially contextual” and that in terms of assessing Programme performance should be viewed as “long term and aspirational” indicators of the general progress of the economy of the wider South West.

Progress towards targets at the interim stage identified the need to re-consider the GDP per capita target in light of the 1993 figures which had become available. The new target should therefore be to raise the GDP by 5% from 78.2% to 83% (between 1991 and 1993 GDP in Devon and Cornwall increased in line with the national average). The Interim Evaluation went on to report that it was not realistic to expect £430 million of public and private expenditure (0.6% of Devon and Cornwall’s combined annual GDP) to increase GDP per capita by 5%.

Progress on other key programme targets is summarised below:

- ◆ Average male earnings over the 1994-5 period declined from 87.8% to 85.4% of the UK figure
- ◆ Average female earnings declined slightly over the same period from 84.9% to 82.5% of the UK figure.
- ◆ Total employment fell in the Objective 5(b) area by 3.8% between 1991 - 1993 compared with a 1.8% fall in GB.
- ◆ Unemployment fell in the period 1994 –1997 by 28.5% compared with 34.1% for GB.
- ◆ Non-agricultural VAT registered businesses in the South West fell by 5% (1994 figures).

The relatively low wages in Cornwall and Silly remains a key concern for the Objective 1 Programme and has had a strong influence on the design of the Programme.

## **PRIORITY AND MEASURE LEVEL TARGETS**

Outputs and Impact indicators were set out in the SPD at Priority and Measure level and by Fund. The artificial nature of the 5(b) area made it very difficult to provide accurate baseline data at the time the Programme was being prepared. Much of the data has, therefore, been collected on a project basis. Through the monitoring process, outputs and impacts actually achieved have been recorded.

The EC has expressed concern that many of the ERDF outputs for Priority 1, Measures 1 and 2 are being exceeded, particularly in relation to support for businesses, and have questioned whether the original targets were set too low or the benchmark used to record the outputs is being misunderstood. In practice, it is likely that many of the recorded outputs are over-optimistic and include substantial elements of double counting.

This has been a common problem in the current round of UK Structural Fund programmes, and led DGXVI of the European Commission to introduce a common framework incorporating standard definitions for indicators for all Objective 2 programmes. This framework has informed the specification of indicators and the quantification process for the Objective 1 Programme.

An exercise is currently underway to review the recorded outputs against appropriate benchmarks. Progress towards Priority and Measure level targets is set out in the Objective 5(b) Annual Reports 1994/5, 1996 1997 and 1998. The 1999 Annual report will be available from July 2000 and will inform the arrangements for the Objective 1 Programme.

## **FINANCIAL PROGRESS AT SEPTEMBER 1999**

Although the Programme had a late start, and at the point of the Interim Evaluation there was some concern that the Programme would not spend in all Measures, actual performance in terms of commitment of Structural Funds has been more successful than perhaps anticipated. A small amount of virement was agreed with the Commission - £1.9m ERDF from Measure 1.2 to 1.1 and £1.1 million

form Measure 2.2 to 2.1. A summary of financial performance by Fund and by Priority and Measure is set out below.

FUND	Programme Allocation Euro *	Programme Allocation £	Programme Commitment £	Prog Commit %	Balance £	Programme Spend £	Prog Spend %	Balance £
ERDF	151,058,837	105,247,546	86,388,930	82.1	18,858,616	48,933,203	46.5	56,314,343
ESF	34,199,868	21,922,992	18,847,688	86	3,075,304	13,600,206	62	8,322,786
EAGGF	42,747,083	30,592,709	27,559,650	90.1	3,033,059	8,801,111	28.8	21,791,598
TA	2,198,728	1,525,617	540,015	35.4	985,602	284,296	18.6	1,241,321
* Exchange Rates applied throughout: ERDF £1 = 1.534 Euro ESF £1 = 1.56 Euro EAGGF £1 = 1.406 Euro								

More than 80% of the original allocation has been committed in each of the 3 funds. It is anticipated that the ERDF allocation will be fully committed by 31 December 1999, following approvals to a number of applications that are currently being appraised. This financial performance has, to some extent informed the financial allocations for the Objective 1 Programme, although account has also been taken of the needs and opportunities of Cornwall and Scilly.

## INTERIM EVALUATION OF THE PROGRAMME

An Evaluation of the Objective 5b Programme was commissioned at the mid-way point by the then Department of Environment and was undertaken by Arup Economics & Planning. The resulting report, published in May 1997, had a wide circulation which included members of both the Programme Monitoring Committee and Working Group. The Interim Evaluation identified 35 recommendations and 5 additional "issues" which were accepted as recommendations which the Partnership agreed should also be addressed.

The Programme Secretariat addressed the recommendations set out in the Interim Evaluation by drawing up a framework within which each individual issue would be considered and addressed and progress reported to the Programme Monitoring Committee. A schedule of the recommendations and the actions taken within the context of the Objective 5(b) programme is set out below.

There are a number of issues that were identified in the interim evaluation which have particular relevance for the development, management and delivery of the Objective 1 programme.

## PROGRAMME DEVELOPMENT

Although not specifically identified in the Interim Evaluation, one of the problems, which is apparent from some of the responses relating to lack of information and understanding about the Structural Funds Programme, is the lack of ownership by the wider constituency particularly the private sector. There are a number of reasons for this including the fact that the private sector only became a direct beneficiary after the Programme had commenced, and a lack of guidance from the outset which led to a feeling of exclusion. Chapter 15 describes the process of consultation which has been undertaken by the Partnership to ensure that all sectors of the community have had the chance to get involved with the development of the strategy and influence the way the Objective 1 Programme has been developed.

The bottom up approach adopted by the Partnership has progressed naturally from the "Cornwall Now" campaign to obtain Objective 1 status for Cornwall and the Isles of Scilly. The vision and objectives of the Objective 1 Programme have emerged through a process of Topic Focus Groups with a very wide representation of organisations and individuals feeding their vision, ideas and priorities for action into a Drafting Team. The process has been managed by a group led by Cornwall County Council but consisting of a wide representation of interests including the private and voluntary sectors, local government, the RDA, training agencies, MAFF and the Government Office. In developing a coherent and deliverable strategy, the importance of a strong partnership has been recognised and it is clearly understood that to work there must be local ownership.

The integration of the Funds across priorities will help to maintain the partnership at the delivery level. Thus, for example, it is recognised that agriculture is not distinct from the rest of the private sector hence its inclusion in Priority 1. The need for a skilled and adaptable workforce cuts across all sectors and therefore ESF resources have been made available in Priorities 1 and 4 to complement the work which will be undertaken through the Developing People Priority. This rationalisation of Funds will help to maintain the partnerships that have been developed, recognising the need for an integrated approach to the problems facing Cornwall and the Isles of Scilly and the fact that many of the solutions to these problems rest in a partnership approach.

## STRATEGIC CONTEXT

The Interim Evaluation highlighted the lack of integration of the Programme within a Regional strategy. Chapter 6 on the Policy Context of the SPD addresses this specific issue and draws the linkages with Regional, National and European Programmes, for example the National Action Plan for Employment.

More specifically, the Ex-Ante Evaluation looked at lessons from past programmes and identified the need for future programmes to be “in line with regional and national planning guidance and integrated with the RDA approach”. The development of the South West of England Regional Development Agency (SWRDA) which came into existence from 1<sup>st</sup> April 1999 has greatly assisted this process. The SWRDA has been a key partner in the process of developing the Objective 1 Programme and ensuring synergy and complementarity between the emerging Objective 1 and RDA strategies. The SWRDA Board has fully endorsed the strategic framework set out in the SPD.

Care has also been taken to ensure that the regeneration strategy proposed through the Objective 1 SPD is entirely consistent with the new Regional Planning Guidance which will come into effect from April 2000. For example, the RPG approach has been to focus development around key towns bringing employment opportunities to the workforce. This is entirely consistent with the Objective 1 strategy for the development of clusters based on opportunity and sustainable economic development. The aim has therefore been to ensure synergy with the RPG across all areas within its remit including transport infrastructure, the environment, tourism development etc.

## BASELINE DATA

The Ex-Ante Evaluation stresses the importance of having “an adequate Programme area baseline at the outset” to inform:

- ◆ The relevance of the SPD and the extent to which it is targeted on specific area needs and opportunities;
- ◆ The appropriateness of the proposed scale of intervention, including financial allocations to particular Priorities and Measures;
- ◆ The extent to which Programme, priority and Measure targets are realistic and achievable and capable of being monitored; and
- ◆ The adequate provision of a baseline against which future progress can be assessed.”

They also go on to say that “*experience suggests that typically the provision of adequate baseline data to support all measures is not straightforward*”. They recognise that appropriate sectoral or spatial data is not always available and that special studies may need to be commissioned.

These issues are well recognised drawing on the experience of the Objective 5(b) area where lack of coterminosity, particularly in *Devon*, with whole local authority districts or wards made the collection of baseline data extremely difficult. The absence of reliable, and in some cases any, baseline data had implications for monitoring the impact of the Structural Funds on the Objective 5(b) Programme area. This collection of baseline data for the Cornwall and Isles of Scilly has been relatively more straightforward in so much as the area forms two self-contained administrative units in the form of the Cornwall County Council and the Council of the Isles of Scilly which is a unitary authority. All Districts are coterminous with the County boundary.

In addition to the standard data available to the Partnership, a full socio-economic analysis was commissioned from Atlantic Consultants to inform the development of the basic strategy which underpins and dictates the strategic approach adopted through the Priorities and Measures. It was recognised that some specific research would be required to understand the specific problems which the Objective 1 Programme would need to address. For example, it was unclear whether the Programme should be concentrating on the provision of basic IT infrastructure or whether the real problem was one of access. Specific research was commissioned which concluded that the infrastructure was in place. It also identified certain deficiencies, particularly in West Cornwall, in the quality and scope e.g. band width, of that provision. This is seen as necessary to achieve the kind of technological advances Cornwall and Scilly wished to make, especially in encouraging the emergence of the types of high tech businesses felt necessary to regenerate the economy in an economically and environmentally sustainable way.

In total, an additional seven studies have been commissioned on the following topics:

- ◆ Environmental Impact Assessment
- ◆ Telecommunications Infrastructure in Cornwall
- ◆ SME development requirements for sites and premises - Atlantic Consultants
- ◆ Assessment of the Cornish Fishing Industry
- ◆ Cultural Industries
- ◆ Social Exclusion in Cornwall
- ◆ Sites and premises in Cornwall

It is, however, recognised that given the scope and life of the Objective 1 Programme there will be a need to undertake specific research to support Programme implementation and the work of the proposed strategy group and task forces. Some issues have already been clearly identified, for example the need for a coherent tourism strategy to help improve the quality of the tourism experience rather than simply increase visitor numbers. The problem, within the context of a declining traditional tourist economy, is how to achieve this and where to concentrate valuable Structural Fund resources to achieve maximum impact. Work will also be required to quantify that impact within the overall context of the Programme.

Other potential studies include working with environmental agencies to develop sustainable indicators and further work to establish the need for higher education provision in Cornwall to build on the demand study for a Combined University in Cornwall, undertaken with the assistance of Objective 5(b) funds.

It is recognised, therefore, that one of the keys to the successful delivery of the Objective 1 Programme is the use of Technical Assistance, through an agreed strategy, to undertake much of the additional research needed to target resources most effectively to achieve the development and growth in the economy.

## **STRATEGIC APPROACH**

Weaknesses in strategy have been identified in the Ex-Ante evaluation as a common theme among Structural Fund programmes. The most common weaknesses identified are:

- ◆ Weak link between regional analysis and elements of the strategy;
- ◆ Insufficient identification of the most significant opportunities and threats faced by the region;
- ◆ Over-reliance on a Partnership project 'wish list' as a basis for developing strategy;
- ◆ Inappropriate selection of means to allow the partnership to deliver the strategy;
- ◆ Insufficient prioritisation of Priorities and Measures;
- ◆ Lack of appreciation of the impacts and returns from particular interventions;

- ◆ Poor consideration of the scale of the resource needed to realistically achieve a sustainable change in area circumstances;
- ◆ The lack of an effective sub-regional strategy designed to promote geographic synergy and critical mass.”

The Interim Evaluation recognised the comprehensive nature of the Objective 5(b) programme but specifically identified that “*the rationale linking strategic aims and key objectives, and allocations of money was not explicit*”.

The whole thrust of the bottom up approach to developing the Objective 1 Programme has been to ensure that there is a clear rationale between the needs identified through the socio-economic analysis and the strategic objectives determining the Priorities. The SWOT analysis confirms areas of need but also highlights the strengths and opportunities upon which to build. The SWOT analysis has been a key feature in developing the strategic framework and acts as a point of reference to test both the appropriateness and the relative priority attached to the strategic aims and objectives of each of the five Programme Priorities.

By clearly identifying the priorities for action within each Priority and Measure many of the potential pitfalls identified in the Ex-Ante evaluation can be addressed. Projects coming forward under the Objective 1 Programme will therefore have to justify their claim to meet the priorities set out within each Priority and Measure. The appraisal system, to be agreed by the Programme Monitoring Committee (PMC), will be designed to test the degree to which projects meet these strategic objectives at national, regional and Programme level as well as meeting the specific objectives at Priority and Measure level.

One of the main weaknesses identified in the Objective 5(b) Programme by the Interim Evaluation related to the fact that “*the rationale linking the strategic aims and key objectives, and allocation of money was not explicit*”. This issue has been specifically addressed by the approach taken to develop the Objective 1 Programme through the rationale already described. In addition, the allocation of monies to Measures has been conducted in a manner that takes into account a number of factors including strategic rationale, contribution to Programme objectives, anticipated economic impact and capacity of the target market to absorb and utilise the available monies effectively.

## OUTPUTS AND IMPACTS

Quantified targets, the

Ex-Ante Evaluation points out, are important to enable a judgement to be made on the improvement of economic conditions and progress towards convergence. The evaluation has identified the main issues that generally affect Structural Fund programmes which are listed as:

- ◆ The appropriateness of the proposed targets with respect to Programme, Measure and Priority aims and objectives;
- ◆ The realism of targets with respect to local conditions and past experience;
- ◆ The correct classification of outputs and impacts;
- ◆ The use of consistent definitions, particularly with respect to employment outputs and impacts;
- ◆ The specification of both gross and net outputs and impacts;
- ◆ The existence of a transparent hierarchy of targets from Measure through to Programme level.

A rigorous quantification exercise has been carried out for the Objective 1 Programme, using the DGXVI guidance on quantification of Structural Fund programmes. The forecast impacts of the Programme are presented in Chapter 10.

## PROGRAMME MANAGEMENT

Many of the weaknesses identified in previous evaluations, and principally the Objective 5(b) Interim Evaluation describe a reactive process due, to some degree, to the late start of this Programme and the political pressure both domestically and from Europe to accelerate delivery. Attempts to introduce

effective management systems to drive up the strategic input from projects and project applicants often met with resistance and concern that “the goal posts kept moving”. Thus one of the key lessons learnt from the experience of previous programmes is that the Objective 1 Programme must be pro-actively managed from the outset.

The Ex-Ante Evaluation has identified two specific areas of weakness in the Objective 5(b) process directed at the role of the Programme Monitoring Committee/Working Group Structure. The first relates to the role of the Working Group and the need for “*greater involvement in preparing position papers*”, whereas the other refers to the appropriateness of the PMC’s size and membership. The need for a strategically active PMC is recognised and it is the intention to consult widely on the composition and constitution of the Objective 1 PMC. The role and responsibility of the PMC is explained in Chapter 12. However, full recognition is given to the importance of having a PMC which is both empowered to drive the Programme and has the ability to do this effectively.

It is recognised that in order that the PMC is effective in providing strategic oversight and direction to the Programme it will need support. The PMC will, therefore, put in place the necessary arrangements for ensuring that the Programme maintains its strategic focus and to translate that focus into projects, schemes and other activities that are funded through the programme. It is proposed that the arrangements include the establishment of a strategy group (reporting to the PMC) which would lead and co-ordinate the work of a number of task forces to address particular issues or aspects of the Programme. These structures are being designed to be flexible and will reflect the needs of the Programme at various stages.

This would also help to address a number of issues flagged up by the Ex-Ante evaluation in relation to the quality of projects, particularly in relation to promoting “*project innovation*” and “*identification of linkages with other EC / National [and Regional] programmes*”. Another key element of a strategic group’s function would be ensuring that the horizontal themes, such as the environment and equal opportunities, are effectively and actively implemented across the whole range of Priorities and to suggest remedial action to the PMC if any of these initiative appear to be failing.

To undertake this role, and to facilitate the delivery of the Programme, it is proposed to present to the first meeting of the Programme Monitoring Committee a comprehensive Technical Assistance Strategy. The main strands of the strategy will provide, *inter alia*, support for:

- ◆ the PMC and the structures established by it to assist with Programme delivery;
- ◆ capacity building and facilitation to support the community;
- ◆ research and consultancy advice to take forward the strategy including the development of Implementation strategies;
- ◆ the development and dissemination of guidance and good practice for Programme delivery and project application, implementation, monitoring and evaluation;
- ◆ guidance on developing performance indicators and benchmarking,
- ◆ provision of guidance to the private sector to support their involvement in the Programme;
- ◆ development of systems to facilitate Programme performance monitoring and evaluation;
- ◆ development and delivery of a publicity and communications strategy.

Whereas the Technical Assistance Strategy will focus on the delivery aspects of the programme the Ex-Ante Evaluation has identified the need for “*greater publicity of objectives, work done and successes*”. To assist the Monitoring Committee with its role in Programme promotion, a Communication Strategy will be developed for consideration at the first meeting of the PMC. The strategy will concentrate on three main aims:

- ◆ publicity and promotion through effective use of media including the world wide web;
- ◆ provision of information and dissemination of good practice through seminars, workshops etc
- ◆ education – bringing the Programme within the reach of the community and empowering them to participate in and benefit from it.

The Communication Strategy will form a key element within the Technical Assistance Strategy.

## PROGRAMME DELIVERY

In both the Interim and the Ex-Ante evaluations emphasis is placed on the need to improve the Programme delivery mechanisms. As the table at Annex A for the Objective 5(b) Programme indicates, many of the issues raised had been identified at the start of this Programme and remedial action had either already been undertaken or was initiated as a result of the evaluation. So, for example, the Interim Evaluation identified the need for improvements to the ERDF scoring system. These had already been undertaken prior to the evaluation and the proposed revised criteria were included as part of the evaluation process. Equally, good practice guidance had already been issued and this was subsequently updated and endorsed by the Commission. The system of peer review piloted by the Government Office for the South West for Objective 3 and 4 was extended to Objective 5(b). A system of peer reviews was also piloted though less successfully in the Objective 5(b) Programme for Technical Assistance applications. A more co-ordinated approach to the presentation of information to the PMC was adopted in relation to the provision of financial data which provided details on commitment and spend by Fund, Priority and Measure.

The Objective 1 Programme is considerably larger in financial terms than the preceding Objective 5(b) Programme and is concentrated over a much smaller geographical area. It is, therefore, recognised that the method of delivery will need to be more robust in some areas, such as financial accountability and propriety, and more flexible in others. For example, the Ex-Ante has identified an issue in the delivery of PECSA which will not be replicated for Objective 1 in so much as it identifies that "*its multiple status as project applicant, promoter and appraiser was not regarded as a model of independence*". The sheer size of the Programme means that it would be unrealistic to rely solely on submission of single applications. Not only would this pose operational problems of scale but it does not encourage applicants to think strategically or in an integrated way about specific areas or sectors in need of development. It is, therefore, anticipated that a variety of approaches might be adopted including the introduction of a variety of key funds, LEADER style Integrated Area Plans, particularly for community regeneration, small integrated packages of projects and umbrella schemes.

Proposals for project selection criteria and appraisal methodologies will be considered at the first PMC meeting. These will reflect the proposed delivery mechanisms and could include the option for partnerships to come forward with proposals for delegated authority to deliver programmes of action.

It is also anticipated that the piloted peer reviews could be extended for Objective 1. Emphasis will clearly focus on the linkages to local and regional strategy as well as meeting the objectives of national and EU policy. Care will be taken to ensure that the horizontal themes within the programme are adequately supported. For example, suitable projects will be required to demonstrate environmental sustainability and appropriate measures will be built into the appraisal and scoring system.

The Interim Evaluation commented on the quality of applications coming forward and identified a number of weaknesses. It is recognised that significant additional support is required in the Objective 1 Programme to deliver quality projects which meet the standards and targets set out in the SPD. A programme of capacity building within the community to enable them to access Structural Funds more effectively would be delivered through Technical Assistance. However, it is recognised that for those organisations proposing to bid for delegated responsibility for project delivery, careful attention will need to be given to developing capacity to run small programmes in terms of both project development and in appraisal techniques. Attention will also be given to the need to ensure that financial accountability and propriety is safeguarded through the implementation of appropriate financial management arrangements.

The provision of clear guidance will be a key priority with a view to making access to structural funds simpler and easier. Other proposals for simplification at the national level are also underway. For example, the Government Office for the South West is working with other Government Offices to revise and simplify the national application and claim forms without jeopardising the necessary data required for effective management and monitoring of financial and output data.



## INTERIM EVALUATION OF SOUTH WEST OBJECTIVE 5B PROGRAMME – RECOMMENDATIONS AND ACTION TAKEN

### APPLICATION

	RECOMMENDATION	FUND	ACTION
1	R27 Consideration should be given to the introduction of separate forms for ERDF capital and revenue forms tailored to the South West SPD requirements	ERDF	ERDF forms prepared annually by DETR in London. Secretariat wrote to DETR on 22 October 1997. Outcome – Partially in direct response to criticism from partnerships who reported that individual (capital and revenue) forms increased bureaucracy unnecessarily, a conscious decision was made to have just one form. DETR also require a standard ERDF application form for monitoring and control purposes. Tailoring to SW Ob 5b requirements is therefore not an option.
2	R28 Meetings with ERDF applicants to clarify project issues on both sides may be a more effective means of communication leading to greater efficiency in preparing and handling applications.	ERDF	Meetings with applicants currently happen prior to submission. Partners co-operation required to avoid all seeking meetings the week before application submission deadlines. Consider also conflict between advisory and appraisal role ie advice does not mean approval. Outcome – February 1998 pre-application meetings will continue to be available as before. Option will now be offered to all applicants when acknowledging ERDF applications.
3	R30 Consideration should be given to reducing the number of forms required for ESF applications and the potential for an alternative costing approach.	ESF	GOSW to pursue with DfEE. Outcome – DfEE, in consultation with all GOs, have now discontinued use of Dossier Application form. With immediate effect all projects starting on or after 1.1.98 will need to complete one form only.
4	R29 Review of Management and administrative procedures associated with ESF in order that applications can officially commit funds at the beginning of the programme year and final claims can be paid more expediently.	ESF	GOSW will pursue with DfEE – preliminary discussions held and situation on going.

### APPRAISAL

	RECOMMENDATION	FUND	ACTION
5	R31 For EAGGF projects, in order to reduce delays in project approval, consideration should be given to simplifying the overall project appraisal and approval process, or increasing the amount of resources available to undertake the appraisal process.	EAGGF	MAFF SW discussing with MAFF HQ the possibility of speeding up the approval process for small projects and revising application form and guidance notes to give greater clarity and promote good practice. Outcome – New administrative arrangements agreed for delegation of authority to approve all but very large applications at regional level without reference to HQ. Use of Technical Assistance to help resource the appraisal process is also being considered.
6	R16 Appraisers, particularly ERDF, should give greater attention to the validity of output and impact information submitted by applicants, prior to the application of scoring systems.	ERDF ESF	Action ongoing. ERDF appraisal workshop held 19 November 1997 on benchmarking for different types of projects. Benchmarking Information Note being produced by the Secretariat. Additionally, EC benchmark guidance is expected in November 1997.
7	R17 Consideration should be given to the introduction of “peer reviews” of applications by other members of the Partnership.	ERDF ESF	A partnership team formed a panel to review and score potential 1998 ESF projects. This resulted in some 60 projects being scored in 5 working days. Review of other ERDF systems undertaken. Peer reviews for Technical Assistance applications which the Secretariat introduced at the end of 1997.
8	R19 A practical and direct approach to achieving a new focus for Measure 2.1 and 2.2 could be through alterations to the scoring system.	ERDF	Paper put to PMC on 30 September 1997, referred to and agreed by the Working Group on 10 October 1997 and ratified by the PMC on 6 February 1998. Agreed revisions implemented thereafter applying to the Feb-June 4 month appraisal cycle onwards.

## PROGRAMME DIRECTION

	RECOMMENDATION	FUND	ACTION
9	R15 That the Agricultural Advisory Group (AAG) addresses the range of issues that have been identified by the consultants as contributing to the relatively slow progress of the EAGGF and that the facilitators are represented in this group.	EAGGF	October 1997 - AAG given terms of reference that reflect the recommendation of the Interim Evaluation and included facilitators. Considered and commented on facilitators' action plans. MAFF to make greater use of experience and expertise of this group.
10	R13 The SPD financial targets remain valid and have potential to be achieved within the lifetime of the programme. The situation should, however, be kept under continuous review.	ERDF ESF EAGGF	Programme Secretariat continue to present comprehensive and up-to-date financial information to the PMC and keep this under constant review.
11	R18 In order to ensure that the SPD targets are met, the remainder of the tourism monies under Measure 2.1 and 2.2 should focus on projects which are able to generate additional activity from national or international markets.	ERDF	30 September 1997 - PMC considered the position of the Eden project and projects in the Preparation Pool and agreed to close Priority 2 consequent upon support for the Eden project.
12	R23 At this stage, the case for virement cannot be made, based on the Commission's guidance to the consultants and the finding that the current SPD programme remains valid.	ERDF ESF EAGGF	A case for virement was agreed by the PMC in October 1999.
13	R24 The case for freezing Measures 1.1 and 2.1 is no longer justified. Major projects will need to establish their costs and benefits and be assessed as part of the established appraisal process	ERDF	30 September 1997 - Priority 1 went live again but PMC agreed that only high priority projects will now be supported. Priority 2 was effectively closed down.
14	R25 Consideration of virement and the use of indexation monies will need to be deferred until the major projects (Eden and the University of Cornwall) are fully appraised.	ERDF ESF EAGGF	30 September 1997 – PMC allocated ERDF indexation (£2.6m) to Measure 2.1. PMC agreed to fund Eden subject to EC endorsement. The University application was subsequently rejected. 31 May 1999 - PMC agreed virement of £1.9m from Measure 1.2 to Measure 1.1 and £1m from Measure 2.2 to 2.1. 1998/99 indexation money (£1.6m) was allocated to Measure 4.1.
15	R26 In order to improve integration within the three funds, as far as possible administrative and reporting procedures across the three funds should follow a common format.	ERDF ESF EAGGF	Following Secretariat letter of 22 October 1997 DETR confirmed that common funding format and reporting procedures will remain an important consideration. GOSW continue liaison with Government Departments.
16	R20 In order to support the longer term integrated development of the tourist sector, Technical Assistance monies could be usefully deployed towards the development of a comprehensive and up to date tourism strategy.	ERDF ESF	30 September 1997 – PMC agreed Technical Assistance Strategy/Core programme, which enables this to be taken forward.

## GUIDANCE

	RECOMMENDATION	FUND	ACTION / OUTCOME
17	R22 There is a need for additional guidance on the types of community-based projects which are eligible for funding.	ERDF ESF EAGGF	February 1998 Guidance Notes updated and improved taking account of the Community Regeneration Sub Group.
18	R10 Further guidance on eligibility of activities and matching funds needs to be made available to the Partnership, particularly in relation to private sector access to ERDF funding including timescales for appraisal and information required from applicants	ERDF	Guidance Notes revised to take account of comments from the interim evaluation and Commission guidance from the SEM 2000 Datasheets. Information Notes cleared through London and the European Commission.
19	R10 Further guidance on the use of Structural Funds as venture capital or loans	ERDF	Private sector guidance note updated
20	R10 Further guidance on the full scope of projects eligible for funding under EAGGF, including examples.	EAGGF	Difficult to anticipate all eligibility issues but good practice case studies prepared for circulation
21	R10 Further guidance on eligible sources of matching funds	EAGGF ERDF ESF	ERDF Information Notes prepared and cleared through London and the EC. DfEE have also produced guidance on match funding for ESF.
22	R6 Guidance should be provided on definition for standard indicators such as jobs created, safeguarded etc.	ERDF EAGGF ESF	EC guidance assimilated.

## PROMOTION AND MARKETING

	RECOMMENDATION	FUND	ACTION
23	R11 Further seminars on the programme should be organised for ERDF, ESF, and EAGGF.	ERDF ESF EAGGF	County and District Councils and other organisations have already organised events with Secretariat involvement. At the key partners meeting in November 1997 it was agreed that the Secretariat would continue to respond to specific demand, the programme of ESF seminars would continue and a EAGGF programme would be developed through the facilitators.
24	R12 Consideration should be given to extending the use of project facilitators to ERDF and ESF	ERDF ESF	30 September – PMC agreed a Technical Assistance strategy to provide facilitators and appointments have been made.
25	R 14 Low spending measures, particularly for ESF and EAGGF should be actively promoted by the Partnership to ensure that SPD financial targets are met.	ESF EAGGF	EAGGF facilitators have produced action plans to bring applicants together. Fast tracking for ESF agricultural projects has been established, technical assistance sought for agriculture. EAGGF 90% committed in 1999 to date.
26	R21 There is scope for using Technical Assistance to allow the provision of professional support to local community groups wishing to develop projects for funding under Obj5(b)	ERDF ESF	30 September 1997 – PMC agreed the Technical Assistance strategy which will allow this.

## FUTURE PROGRAMMES

	RECOMMENDATION	FUND	ACTION
27	R1 The SPD remains a valid, coherent document	ALL	Noted. Conclusion not a recommendation
28	R2 Eligible areas should be agreed 12 months in advance of programme commencement	ALL	No action for current programme – issue for HHG and EC for programmes post 1999. DETR confirmed that UK pressing for this.
29	R3 The Commission should provide clear guidance on its rural policy in advance of SPD preparation	ALL	HQ Departments pressing the EC for this.
30	R4 Advance preparation of an outline regional strategy for agreement by partners, government and the Commission would assist the preparation of the full SPD	ALL	EC propose to table new regulations in Spring 1998. Establishment of new RDAs would provide another factor from April 1999.
31	R5 Clear advance guidance should be agreed between Central Government and the European Commission and provided to local partnerships in relation to the required content of SPDs including specific guidance on the specification and definition of baselines, outputs, and impacts.	ALL	GOSW alerted HQ Departments specifically to this recommendation with which they are in full agreement and will pursue through negotiations on new regulations and development of new SPDs.
32	R7 Targets should be clearly specified in terms of those directly attributable to the Objective 5b Programme and those of a more aspirational nature.	ALL	Action as in 29 above
33	R8 SPDs should contain an explanation of the rationale for the financial allocations across funds, priorities and measures.	ALL	Action as in 29 above
34	R9 Agreed guidance on eligibility should be prepared in advance of programme commencement, particularly in relation to the use of funds by the private and voluntary sectors.	ALL	GOSW will discuss with HMG and EC when future Programmes are being negotiated. Information and SEM Notes are a major step towards this and will be updated in the case of the former as necessary to reflect new programme requirements when known.
35	R32 With a view to future Programmes, consideration should be given to ways of achieving a better degree of administrative integration across the three funds	ALL	HQ Departments specifically alerted to this recommendation. DETR confirm that simplification of the regulations is a major objective for the UK. This would include less bureaucratic administration requirements which would facilitate greater integration of and across the relevant funds.

## GENERAL STATEMENT

	RECOMMENDATION	FUND	ACTION / OUTCOME
36	ERDF Scoring Categories: Proposals for change to the scoring framework require detailed consideration by the PMC	ERDF	Actioned at PMC, February 1998 (see also recommendation 8 below)
37	ERDF Scoring Categories: Five would be adequate. The quality of the data does not allow for rigorous scoring beyond this level and there remains subjectivity in scoring.	ERDF	Actioned at PMC, February 1998 (see also recommendation 8 below).
38	Environmental Issues: Lack of clear specified indicators and continuity of monitoring does not satisfy the general requirement of the Programme to reflect environmental impacts. Need also to plan for ex-post evaluation in this context.	ERDF ESF EAGGF	Proposal – Environmental Sub Group to advise PMC on development of indicators and associated monitoring issues and supported through Technical Assistance Strategy. Action - Key Partners meeting on 10 November agreed that the Countryside Commission should be approached with a request to produce a paper clarifying and elaborating on the problem with suggestions as to the way forward. Secretariat wrote accordingly on 13 November 1997.
39	PMC Representation: Inclusion of elected representatives depending on partners perspectives and approach as to whether this change would yield positive benefits.	ERDF ESF EAGGF	Action – Following Ministerial policy decision, elected members now able to sit on PMC. A letter to this effect sent to Local Authorities on 3 July 1997.
40	Project Approvals: A pragmatic approach would be to accept the concept of conditional approvals (for funding reasons only) but impose a time limit where funding commitments are outstanding and to require commitment, in principle, from match funding sources at the time of application.	ERDF	Action – PMC agreed with revised Secretariat recommendation on 30 September 1997 that there would be no more conditional approvals and that, inter alia, only projects which were totally ready to proceed would henceforth be put to Working Groups for possible approval. Confirmation of application to potential match funding sources at the time of each ERDF application was introduced in February 1998 as part of a much wider tightening up of the process and associated systems.

## COMMUNITY INITIATIVES

### KONVER II

#### Finance

The South West region's current ERDF allocation is £12,114,000, taking account of current exchange rate losses and additional allocations. 45.6% of the total regional budget is earmarked exclusively for the Objective 2 and 5b areas and the remaining 54.4% for the Non-Objective areas. The total funding allocation for the Non-Objective areas is now 100% committed but there is a balance of £236,227 (approx 2%) available across the 4 ERDF Measures for the Objective areas. £1,806,087 of ESF funding has been committed and the balance available for the remainder of 1999 is £736,508 (from an allocation of £924,227).

#### Projects supported

There were six bidding rounds, with a seventh round under written procedures. A total of 90 ERDF and 34 ESF projects have been approved.

#### Evaluation

An interim evaluation of KONVER was undertaken in 1998 by Arup Economics and EKOS on behalf of DETR.

### LEADER II

#### Finance

An allocation of £9,864,800 has been made to the South West, including an additional allocation from Community reserves. 70% is allocated to ERDF, 15% to ESF and 15% to EAGGF. The funding is divided between the seven Local Development Groups (LDGs, four of which are located in Cornwall), through the approval of their Integrated Area Plans (IAPs).

WEST CORNWALL	£2,002, 000
NORTH TAMAR	£2,050,100
CHINA CLAY	£ 923,500
GREATER EXMOOR	£1,100,000
SOUTH DEVON & DARTMOOR	£1,993,200
CARADON	£ 898,000
TORRIDGE	£ 698,000

#### Projects

By October 1999, there had been 354 ERDF, 85 ESF and 91 EAGGF project applications. Of these 282, 58, 55 respectively have been approved. A total of 47 have been rejected or withdrawn and 88 were currently under appraisal across all three Structural Funds. As at the end of August £8,036,503 had been committed, equivalent to 81.47% of the total allocation.

At September 1999, all regional uncommitted funds were withdrawn into one of three central pools (one for each Fund) to be operated nationally and to which all regions could apply. The South West contributed funding to the ESF and EAGGF pools but not ERDF.

#### Evaluation

Atlantic Consultants were commissioned by the seven South West LEADER companies to review the progress of the LEADER II Programme in the South West and to develop forward strategies for the

LDGs. The overall view of progress was very positive and recommendations for the future are based on the need for LEADER groups to raise their profile both within and beyond LEADER areas in preparation for Post 2000 programmes, especially the Objective 1 Programme for Cornwall. There will be a new LEADER + Community Initiative in 2000 although few details are known as yet. It is the intention that funding contracts for the seven LEADER Companies will be extended to December 2001 to allow time to fully complete the existing Programme and for LEADER companies to establish their place in the delivery of new programmes.

## **PESCA**

### **Finance**

Two separate allocations were made to the South West, one for the Objective areas of £3,303,000 and one for Non Objective areas of £275,000. (The figures are at current exchange rates) These allocations were ringfenced and virement cannot take place between the two. Approximately 60% was allocated to the ERDF, 20% to ESF and 20% to FIGG

### **Projects**

A total of £3,337,189 of European funding was committed across ERDF, ESF and FIGG (£3,077,749, 93.18% for the Objective areas and £259,440, 94.34%, for the Non Objective areas). 159 applications had been received (24 ESF, 95 FIGG and 36 ERDF). Of these 110 were approved, 16 rejected or withdrawn and 29 were still being appraised. From September 1999 any English Region with uncommitted funding has had it withdrawn to be made available to those regions able to demonstrate that they have applications on a reserve list of projects approved by their Working Group. The South West may benefit from this arrangement.

### **Delivery**

South West PESCA Ltd has been established to promote and assist in delivering the Programme. The company is supported by an Advisory Board, which represents the interests of the District and County Councils and the Fishing Industry, across the counties.

### **Evaluation**

An interim evaluation of PESCA was undertaken in 1998 by Nautilus Consultants and EKOS Limited on behalf of MAFF. In addition, EKOS Ltd carried out a review of the operation of South West PESCA Ltd on behalf of GOSW. In summary, the role of South West PESCA Ltd in effectively delivering the Programme in difficult circumstances was commended. A number of concerns were highlighted, however, over the position of South West PESCA Ltd as project facilitator, applicant, and appraiser.

## **SME INITIATIVE**

### **Finance**

Two separate allocations were made to the South West, one for the Objective 5b area of £1,970,000 and one for the Objective 2 areas of £297,000. Approximately 85% was allocated to the ERDF and 15% to ESF.

For the Objective 5b area two ERDF projects have been approved to a total value of £240,139. No ESF projects have been approved. Virement is not being sought for the 5b Programme and the balance available is £1,729,861 (this figure has not yet been updated at current exchange rates so will be reduced). There are two projects being tabled for approval at the Monitoring Sub Committee meeting on 15 September, total value £287,000.

### **Evaluation**

An interim assessment of the Programme was carried out by Roger Tym & Partners in 1998. They concluded that performance 'on the ground' is extremely limited which will have consequences for the

final outputs and impacts of the Initiative. Difficulties in making progress may have partly resulted from the late approval of the Programme.

### **OBJECTIVE 3**

Although specific data and information for Cornwall was not identified separately, the following section highlights the main findings of the UK wide evaluation of the Objective 3 Programme (1994-99) and the evaluation of Objective 3 Priority 4.

#### **Key Trends**

The Objective Evaluation noted that between 1994 and 1997 the labour market showed strong recovery (particularly in comparison with other parts of Europe), with rising employment and falling unemployment. The evaluation identified some of the key trends:

- ◆ Some significant labour market policies have been introduced, notably Job Seekers Allowance (JSA) and New Deal;
- ◆ Absolute employment at 26.6M is higher than the previous peak in 1990;
- ◆ Unemployment (ILO) has fallen from a peak of just under 3M in 1992 to 1.85M;
- ◆ However, the employment rate at 74% has yet to recover the previous high;
- ◆ The female employment rate at 45% is at its highest, but growth has steadied and male and female rates are moving together;
- ◆ One-in-four people work part-time; and
- ◆ Women make up 80% of part-time employment, generally through choice.
- ◆ 7% of those in work are employed on temporary contracts.

The groups most likely to be unemployed were:

- ◆ People with disabilities;
- ◆ Ethnic minorities;
- ◆ Men; and
- ◆ Older people are more likely to be long term unemployed.

#### **Gender**

The evaluation concluded that, in general, women are being successfully targeted. The proportion of women on Objective 3 is greater than that amongst the unemployed and there has been particular success in targeting lone parents and returners. However, there is still evidence of a lack of flexibility to accommodate certain groups. Barriers to participation are particular problems for lone parents and all women with childcare responsibilities. Problems relate to:

- ◆ Lack of affordable, reliable childcare;
- ◆ Long hours, particularly with work experience;
- ◆ Inflexible hours;
- ◆ Intensive training; and
- ◆ Heavy workloads.

In terms of outcomes, in 1997 a lower proportion of women moved into jobs than men, but a higher proportion achieved a positive outcome and they had a higher probability of being in work six months after leaving. Women perform better on achievement of qualification (albeit they have higher levels of qualifications on starting). However, positive outcomes are lower for:

- ◆ Lone parents;

- ◆ Those with no qualifications; and
- ◆ Returners.

There is evidence to show that Priority 1: Pathways to Employment and Priority 2: Pathways to a Good Start in Working Life may be reinforcing occupational segregation.

The key message for the development of the new Objective 3 Programme are that barriers need to be overcome in terms of flexible provision to allow wider access and this message has been taken into consideration for the Objective 1 Programme. The evidence that particular groups of women face more significant barriers to participation and outcomes supports the adoption of a wider definition of equal opportunities than one based merely on gender and the indications that Objective 3 Priorities 1 and 2 tend to reinforce stereotyping supports the move towards mainstreaming equal opportunities with consideration of these issues throughout that Programme.

The evaluation did not make any specific conclusions and recommendations by Priority, however, some information on progress towards objectives can be analysed across Priorities 1, 2 and 3. A separate evaluation deals with Priority 4. Overall, the level of positive outcomes achieved in 1997 is in line with targets set out in the Objective 3 SPD:

- ◆ 130,000 (30% of known outcomes) found work;
- ◆ 14,000 (3%) went into self employment;
- ◆ 170,000 (26%) went into FE / training; and
- ◆ but at least 120,000 (28%) were still out of work when the project ended.

In 1997, the average cost per beneficiary under Priority 1 was £541. The average length of project was 20.3 weeks. Projects under Priority 2 had the highest number of early leavers. Overall 58% of people fail to achieve a qualification. Almost 1 in 5 gain a qualification at a higher level and Priority 2 has the greatest proportion of leavers achieving qualifications. Priority 2 performs better than anticipated in targets set out in the SPD. The proportion of Priority 2 beneficiaries finding work is almost double that of Priority 1. (The overall increase in those going into work across the Programme could be accounted for by the move towards a greater proportion of young and short term unemployed beneficiaries). The cost per job under Priority 2 is £1,860.

In 1997, the average cost per beneficiary under Priority 3 was £586. The average length of project was 12.1 weeks. Projects under Priority 3 had the highest levels of client dissatisfaction. Priority 3 falls short of forecasts in terms of positive outcomes. The cost per job under Priority 3 is £3,460.

## Community Development

The conclusion of the report was that Priority 4 Enhancing Capacity for Community Development was starting to achieve its objective. In many cases capacity building is not direct. However, there was evidence to show that capacity building is cascading down from umbrella organisations to grass roots organisations, which means that labour market benefits may only be felt in the long term.

One of the objectives of Priority 4 was that at least some new organisations should be assisted to access ESF through the other Priorities of the Programme. While case studies identified a number of organisations who had been enabled to access ESF, others felt that many of the administrative and financial barriers to access remained and that they would not attempt applications on their own.

## Recommendations

The report makes a number of recommendations:

- ◆ Capacity building support should be undertaken for a minimum of two years. This applies whether or not the principle of annuality persists;
- ◆ The application form for Priority 4 is too complex and time consuming. It is also difficult to understand from the application form what projects actually want to achieve and it does not sufficiently encourage links to ultimate beneficiaries;
- ◆ Greater awareness raising is required about the purpose of Priority 4;



- ◆ Regional scoring criteria (abandoned in some areas) would add value if they emerged from an in-depth profiling exercise and were clearly linked to a simpler application form. Local partners and organisations should be encouraged to identify need and disseminate research to support profiling; and
- ◆ Insufficient linkage and support between Priority 4 and other Priorities inhibits the ability of organisations to contribute to progression routes for individuals. Small, up-front 100 per cent payment should continue to be made to grass roots organisations who do not have the ability to pull in match funding.

All consultations indicated a strong desire and rationale for Priority 4 to continue.

These lessons will inform the approach to community economic development activities under the Objective 1 Programme, particularly those relating to capacity building and the need for integration with other activities.

### **Organisation and delivery**

The mid-term evaluation recommended a number of key changes to organisation and delivery of ESF support which have been addressed in the 1997-99 Objective 3 Programme. There have been changes in the organisation of individual Priorities and a sharper focus on targeting (allowing greater focus on disadvantaged groups and areas). In addition decentralisation allowing greater scope for specific regional selection criteria was designed to improve links to target groups.

The 1997 leavers' survey has been designed to minimise any inconsistencies with other relevant government follow up surveys with the aim of standardising monitoring data. However, some differences remain reflecting the different information requirements of specific surveys.

### **Monitoring and Evaluation**

A number of problems were identified in relation to monitoring and evaluation. Assessing trends over time is difficult as a result of frequent changes to the monitoring form. Missing data also causes problems, for example labour market outcomes are unknown for 1 out of 5 leavers and there are high levels of missing data for ethnicity and disability. As more self evaluations are undertaken and the requests for information from project sponsors grows there is a risk of 'evaluation fatigue'

The evaluation made a number of recommendations for improving the quality and value of monitoring and evaluation data. These were:

- ◆ Better planning and co-ordination of information needs;
- ◆ Promoting greater stability and transparency over data requirements;
- ◆ More effective use of IT to check data at the point of data-entry;
- ◆ Streamlining of information is required to reduce the burdens on projects; and
- ◆ Exploring the scope for better measures of 'distance travelled'.

### **Targeting**

The evaluation makes some interesting observations on the targeting of resources to different client groups. Participation on the Programme was lower than anticipated in the SPD due to a combination of the late start of the Programme and forecast errors. About ¾ of a million people took part in 1997. Of these:

- ◆ 46% were women;
- ◆ 15% had a disability;
- ◆ 13% were from an ethnic minority;
- ◆ just over half had been out of work for less than 6 months; and
- ◆ just under half of leavers faced multiple labour market disadvantage.

Analysing the characteristics of beneficiaries, the following conclusions were drawn:

- ◆ There was a slightly disproportionate coverage of the short term unemployed;
- ◆ There were fewer very long term unemployed and over 50s than the potential client group would suggest;
- ◆ Targeting of ethnic minorities appeared good (although this should be analysed in a local context);
- ◆ Young people appeared to be well served by the Programme.

### **Key Lessons**

Although the Objective 3 Programme was in general, successfully targeting women, positive outcomes were lower for women returners, lone parents, and those with no qualifications. This points to a need to better integrate support across a range of issues, especially for those with care responsibilities.

Almost 30% of beneficiaries (of known outcomes) were still out of work when the project ended. This highlights a need to better integrate activity with wider economic factors, particularly in relation to the demand side of the labour market.

A number of key recommendations regarding capacity building require to be taken into account in future Programmes – the need for longer term support, simplification of application procedures and more effective linkages to other priorities.