

APPENDICES

MID-TERM EVALUATION OF THE OBJECTIVE 1 PROGRAMME FOR WEST WALES AND THE VALLEYS

APPENDIX 1: POLICY CONTEXT: DOCUMENTS REVIEWED

GENERAL

European Union	European Employment Strategy The Social Inclusion Process: Common Objectives
UK Government (DEFRA):	The Air Quality Strategy for England, Scotland, Wales and Northern Ireland
UK Government (DWP):	National Employment Action Plan, 2002 National Action Plan on Social Inclusion
UK Government (Cabinet Office):	Preventing Social Exclusion
Welsh Assembly Government:	“A Winning Wales” – the National Economic Development Strategy “Plan for Wales 2001”: Corporate Strategy Budget statement, October 2002 The Learning Country Reaching Higher – Higher Education and the Learning Country The Skills and Employment Action Plan National Childcare Action Plan A Bilingual Future Creative Future: A Cultural Strategy for Wales Planning Policy Wales Well-Being in Wales: A Consultation Document Wise About Waste: The National Waste Strategy for Wales

	Second Annual Report on Social Inclusion
Welsh Development Agency:	Draft Corporate Plan, 2003-2006
National Council – ELWa:	Corporate Strategy
	Corporate Plan, 2002-5
	Draft Corporate Plan, 2003-6
Higher Education Council – ELWa:	Draft Corporate Strategy, 2003 –6
Wales Tourist Board:	Achieving our Potential: A Tourism Strategy for Wales
<u>Priority 1</u>	
Welsh Assembly Government:	Review of Business Support
Welsh Development Agency (lead):	Entrepreneurship Action Plan
Finance Wales:	Finance Wales Programmes
<u>Priority 2</u>	
Welsh Assembly Government:	Cymru Ar Lein
	Broadband Wales Action Plan
Welsh Development Agency (lead):	Wales Regional Technology Plan
National Council – ELWa (lead):	Knowledge Exploitation Fund
<u>Priority 3</u>	
Welsh Assembly Government:	Communities First Programme
<u>Priority 4</u>	
Welsh Assembly Government:	The National Basic Skills Strategy for Wales
UK Government (DWP/Job Centre Plus):	Green Paper: Towards Full Employment in a Modern Society
	New Deal/Employment Zones
University for Industry	Learndirect

Priority 5

Welsh Assembly Government:

Rural Development Plan, 2000-2006

Farming for the Future

Farming Connect

Welsh Development Agency:

Wales Agri-Food Strategy and Action Plans

Forestry Commission:

Wales Woodland Strategy

Priority 6

European Union:

Trans-European Networks: Policy Guidelines

DoT:

Transport 2010: The Ten Year Plan

Strategic Rail Authority:

Strategic Agenda

Welsh Assembly Government:

Transport Framework for Wales

Cross-Cutting Themes

Welsh Assembly Government:

Sustainable Development Scheme and Action Plan

Equal Opportunities Commission:

An Absolute Duty: Equal Opportunities and the National Assembly for Wales

APPENDIX 2: MACRO-ECONOMIC ANALYSIS

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1. INTRODUCTION

The purposes of this economic macro-review of the Objective 1 programme are to examine economic change in the Objective 1 West Wales and the valleys area. The review will comprise:

- An examination of the economic analysis underpinning the SPD, and an outline of whether this represented an accurate statement of the economic problem in West Wales and the Valleys
- Analysis of the over-arching targets of the Objective 1 programme for West Wales and the Valleys in terms of GDP per head, employment, and inactivity rate targets.
- A summary of the extent to which the key tenets of the SPD economic analysis are still relevant in Spring 2003, and a summary of movements in economic baseline statistics.
- A review of global and UK level events which have affected the progress of the Welsh economy in the period 2000-2002, and which would impact on the effectiveness of interventions.
- A review of the economic progress of the West Wales and the Valleys economy highlighting a series of 'local' events having implications for the development of the Objective 1 programme.
- Sector review for the West Wales and Valleys area, highlighting key influences on sector development, constraints and opportunities, and expectations of sector progress in the period to 2006.

2. THE ECONOMIC ANALYSIS IN THE SPD

The inability of the West Wales and Valleys area to take its full part in economic development processes was one of the key qualifying factors for special EU assistance. The estimated gap between GDP per capita in the target region and the average for the European Union as a whole was just one parameter of the problem. The economic analysis underpinning the SPD correctly demonstrated that GDP per capita differentials were merely one part of a more complex economic problem.

The first part of this section will examine how far the SPD analysis of the current situation in 1999-2000 was reasonable. In this limited review it is not possible to provide a comprehensive interrogation of the material in the initial 'current situation report'. Below are key parts of the SPD description of the current situation in 1999-2000. The analysis comprised:

- Outline analysis of population and migration trends, revealing that even within the region there have been significant differences in population growth rates. Out-migration levels were noted as a particularly serious problem in areas such as the Gwent Valleys.
- Analysis of poor socio-economic conditions of the area. For example, in the area there were relatively high standardised mortality rates, and proportions of the population classified as long term ill. Population in more rural areas was shown to enjoy better health, although this was balanced by problems of economic inactivity and unemployment.

- Analysis of trends in GDP, particularly the intra-regional differences which were not addressed in the over-arching headline targets. The SPD describes the main causes of GDP per capita differentials in terms of inactivity rates, and low relative earnings. These were also then connected to the industrial and occupational structure of West Wales and the Valleys.
- An analysis of the relatively poor inward investment performance of West Wales and the Valleys. The SPD demonstrated that during the mid-late 1990s that the West Wales and the Valleys economy had around 60% of Welsh population but achieved around 20% of the inward investment. However, an important consideration is that much of the employment created for those living in the Valleys, is provided by inward investors in the Objective 3 area. This is a factor overlooked in the SPD – such that conclusions on inward investment are perhaps more relevant to West Wales than they are to the Valleys.
- Some outline conclusions on a poor competitive and innovative position. This analysis was hindered by the paucity of data on the innovative performance of West Wales and the Valleys firms. Inference on innovation was drawn from data describing the value added characteristics of Welsh manufacturing which could indirectly hint at the quality of employment being offered. The SPD only indirectly pointed to the dependent nature of much of the manufacturing base in Wales as a whole which is directly linked to functional base, and therefore the low innovative capacity in the foreign-owned and indigenous manufacturing base. This situation has arguably become worse since the SPD was written.
- Analysis of the size distribution of West Wales and the Valleys firms, leading to conclusions on low business density, and low new firm formation rates in the Objective 1 area relative to the UK average.
- Analysis of employment growth by broad industry group. Much of the analysis hinted at poorer employment growth prospects in the production sector, but with selected market services demonstrating better employment growth during the mid-late 1990s.
- The SPD outlined the poor conditions in the agricultural sector in the region focusing on low relative incomes to farm holdings, but at the same time highlighting the environmental spillovers from farming.
- Description of key labour market characteristics of the Objective 1 area and Wales as a whole including a poor qualifications record; lower levels of skills; higher inactivity rates; an occupational structure with (compared to the UK average) a lower share of highly skilled jobs. Labour market trends identified in the document included an increase in part-time employment amongst women. Other headlines in the labour market analysis included problems in terms of employability with stress placed upon high inactivity amongst certain age groups, large unemployment differentials within the Objective 1 area, and relatively high levels of long term unemployed. The SPD also demonstrated relatively low levels of participation in further, higher, and 6th form education. Horizontal (by gender), vertical (by industry) and contractual segregation trends were highlighted in the analysis. Self employment rates were found to be above UK averages. The analysis also demonstrates that the pay gap between males and females in Wales could be narrowing, but for the wrong reasons (i.e. loss of comparatively better paid male employment in manufacturing and some services sectors).
- The SPD also provided a description of property markets in the Objective 1 area and an audit of infrastructure provision including ICT. Low relative levels of ICT penetration were highlighted.

The 'Description of Current Situation' found in the SPD represented a fair summary of the economic problems facing the West Wales and the Valleys area. In particular the discussion highlights that the causes of the GDP per capita gap between Wales and the UK are linked to a series of inter-linked factors including occupational structure, industry structure, low relative incomes, and low relative activity rates. This type of diagnosis has also been shown in academic studies of the problem¹. The analysis also reveals that economic conditions vary through the Objective 1 area, with conditions in local authority areas in West Wales often very different from those in the Gwent (eastern) Valleys. The statistics used to consolidate the description are appropriate, albeit the published statistical base used at the time was not comprehensive enough to give the most accurate commentary in some aspects including for example:

- Innovative capacity of West Wales and the Valleys SMEs and large firms
- Levels of R&D spending in indigenous and foreign-owned firms
- Estimates of GDP per capita at the local authority level
- Domestic investment performance in manufacturing and services
- Trade statistics on imports and exports into the area²

In addition several other problems are noted in relation to the description of the current situation as at 1999-2000:

- The description/analysis does not adequately show how prospects in the West Wales and the Valleys economy are shaped by external influences. This is an important consideration given that ERDF funding, in particular, is designed to reduce regional imbalances. One important element which shapes the occupational structure and earnings structure of the area is the degree of external ownership. This is not just foreign ownership of manufacturing and services firms operating in the area, but also control exercised from other regions of the UK. This affects the functional base of locally based enterprise, and also restricts opportunity in cases where decision making structures are located outside the area in question. Then the dependent nature of the Objective 1 economy, and the ramifications of this on complex patterns of labour supply and demand are not adequately described given this is an important context for indigenous start-ups, and the encouragement of innovation.
- The description of current situation in statistical terms often adopts a Wales, then a GB/UK comparator. This type of comparator is not always useful context when describing the Welsh economy and its problems and prospects. Once again, ERDF funding is aimed at reducing regional imbalances. Then of equal importance is how Wales compares to other competing regions in the UK periphery. For example, in terms of earnings, and other labour market variables, it is necessary to examine how Wales compares to competing regions such as the West Midlands, Scotland and North East, rather than the UK as a whole, where the South East region has a disproportionate effect on the average.
- The review of current situation does not adequately reflect how the West Wales and Valleys economy is connected through trade flows and other industry connections to the UK and

¹ See Why Wales Isn't Richer: Economic Change and GDP per Capita" *Local Economy*, 12.3, November 1997, pp.219-234. (Steven Brand, et al). See also Local Prosperity in Wales: GDP Estimates for Welsh Unitary Authorities", a report for the WDA, 1997 by Welsh Economy Research Unit.

² It is noted that statistics on Welsh trade are now available through HM Customs and Excise data, whilst data on estimated GDP by unitary authority area was available in the late 1990s but was not accessed in the SPD.

global economy. This feeds through to the over-arching indicators considered later. A driver of prosperity for the West Wales and Valleys economy is the success of enterprises in exporting goods and services. Analysis of performance in trade is largely absent from the review, yet constitutes an important baseline to assess whether ERDF and ESF funding is being used to enhance the competitive potential of the local economy. Again the absence may reflect a paucity of statistical data in this regard. However, new statistical data on trade from HM Customs and Excise might now usefully be added to the SPD suite of indicators (see footnote 2).

3. The Overarching Macro Targets of the Programme

The over-arching macro targets in the SPD were posited in terms of the following:

- Raising GDP per capita in the West Wales and the Valleys region from 73% to 78% of the UK average.
- To create around 43,500 (FTE) net additional jobs.
- To reduce the number of people who were economically inactive by 35,000.

In the latter two cases it does not accurately specify where the jobs will be created, or where the economic activity will be reduced i.e. the Objective 1 area or Wales as a whole. Given that the employment target in the Programme Complement is set in the context of the National Economic Development Strategy overall target to create 72,000 additional jobs by 2006, it is assumed here the net additional jobs are generated by firms located in the Objective 1 area (this means of course that jobs could then be generated for residents in East Wales through Objective 1 funds). This could usefully be clarified. Similar conclusions relate to the overall target on inactivity. It is assumed here that this target relates to residents of the Objective 1 region.

The GDP per capita target

There is little doubt that raising the GDP per capita in the West Wales and the Valleys region closer to the UK average would be viewed as an achievement. However, there are several problems with setting GDP targets in this way:

- The estimation of GDP at the regional (and thus the sub-regional) level is fraught with difficulty (see for example Brand et al., 1997). Estimation is often based on incomplete or partial data. Staff within the responsible bodies for collating such statistics stress that there can be large confidence intervals around the estimates. The Office of National Statistics has suggested (see Economic Trends, November 1990) that figures for UK regions have a margin of error of +/- 3%, whilst earlier county figures may have up to a +/- 10% margin of error. The process of estimation, and likely accuracy of estimates is often 'blurred' over. Even though estimation procedures are improving all the time in Wales, as the collection of incomes and employment data improves, there is still the possibility that a reported increase in GDP per capita relative to the UK in a six year period could merely be an aberration. For example, GDP per capita in the West Wales and the Valleys region as a whole might actually have been 78% of the UK average in 2000. Finally, there are expected to be difficulties in linking activity funded by the European Union to improvements in GDP. This is accepted in the SPD.

- The GDP target has been set compared to the UK average. This might be a problem for two reasons. It could be possible for GDP per capita in West Wales and the Valleys to reach 78% of the UK average by virtue of worsening economic conditions in the rest of the UK. Moreover, a widening of the GDP per capita gap could reflect strong economic conditions in the rest of the UK. Fundamentally, setting an over-arching target against something over which regional authorities have limited influence is problematic. This was recognised in criticisms of related targets set within “*A Winning Wales*”.
- More generally, there has been a debate stretching over many decades on how far GDP growth really represents a thorough measure of welfare and economic well-being. For example, activities which add to (or subtract from) economic well-being are excluded in GDP as conventionally calculated. Examples include the value of unpaid work, and the costs imposed by externalities of production. Then meeting GDP per capita targets might deflect from environmental objectives within the Objective 1 programme i.e. there may be trade-offs which need careful consideration.
- Allied to the above, the GDP per capita target adopted is an average for the West Wales and Valleys area. Stressed in the description of current situation in the SPD was the unevenness of economic conditions across the West Wales and the Valleys region. Therefore reaching the 78% target could, for example, mean that some local authority areas have exceeded the average, with some far below. Given the rationale of ERDF funding in terms of redressing imbalances, additional targets could be set which assess the distribution of local area GDP per capita around the mean figure. Such a target would require more accurate estimates of sub-regional GDP per capita. It may also be that other available measures could be used as a proxy. For example household incomes, or data held within the boosted Labour Force Survey for Wales, or Inland Revenue Statistics.

It is important to note the general acceptance of GDP as a benchmark for comparing economic progress globally. However, if GDP has to be used as a target indicator it might be more appropriate to specify the target in terms of a growth rate in real GDP at the regional level (though national statistics do not yet regional estimates of GDP in real terms. This would not overcome all of the problems noted above, but would set the target in terms of something where connections between local activity and target are better understood.

More generally, whilst it is important to set challenging targets these also need to be achievable. The practicality of the GDP target can be highlighted through a simple example. Welsh GDP per capita in 1999 was £10,400 per head³ (80.0% of £13,000 - the UK average). Making the following assumptions:

- that West Wales and the Valleys GDP per head was £9,490 per head in 1999 i.e. 73% of the UK average;
- no increase in population in West Wales and the Valleys to 2006;
- an expectation that the UK economy might grow by 2% per annum in real terms in the period to 2006

then the West Wales and the Valleys economy would have to grow by around 3.0% per annum in real terms in the period 1999-2006 to reach the 78% of UK GDP per capita target. The current structure of the WWV economy, with a high proportion of activity in relatively slower growing sectors makes this growth path very unlikely. The Welsh economy as a whole is expected to grow by an average of just 1.6% per annum over the period 2000-05 according to recent forecasts by Cambridge Econometrics (Regional Economic Prospects, 2003). It is very unusual for periphery areas of the UK to grow significantly faster than the core economy for sustained periods even with the presence of forceful regional interventions

It is also important to note that the ONS has revised its reporting of regional incomes such that GDP per capita is now being replaced by estimates of regional gross value added. Although these are broadly similar in essence, in the future it may be more appropriate to set the overarching objective in these terms (see later).

The employment target

The target on net additional jobs cannot be divorced from the GDP target, with additional incomes supported a key component of any GDP increases. Within the Programme Complement the net additional jobs are posited in terms of full-time equivalents, with the target being the result of the direct and indirect effects of supported activity. Once again the target appears very ambitious in the light of the prevailing economic conditions in 1999-2000. Several points are noteworthy.

- The target of 43,500 net additional full time equivalent jobs is difficult to match with numbers of people economically engaged. For example 43,500 new FTEs might be connected with a much larger number of people engaged because of the number of part-time and temporary opportunities created as a result of EU funding.

³ Actually gross value added.

- A simple example gauges the magnitude of the task. Estimated employment (excluding self employment) in the West Wales and the Valleys area was 606,000 in 2000 (based on LFS). Adding estimated self employment would bring this to around 690,000 of total employment. This would translate into an estimated 575,000 FTEs. On this basis the target would represent, very broadly, a 7.5% increase in total employment in West Wales and the Valleys in the period 2000-06⁴ – or total employment growth of just over 1.2% per annum. This target needs to be first set in the context of historical growth in Welsh employment (i.e. 1980-1990 – 0.5%pa; 1990-1995 –1.9%pa; 1995-2000 1.0% pa). Currently, it is expected that employment ‘growth’ for Wales as a whole will average about –0.2% per annum in the period 2000-05, with very little real employment growth expected outside of market and non-market services (Cambridge Econometrics, 2003). Then intervention would have to generate a substantial balance.

In summary, the problems facing significant portions of Welsh manufacturing in the period 1999-2002, together with the severe rationalisation and restructuring which has occurred in sectors such as financial and business services and transport and communications (see later sections) appear to make the target overly ambitious.

Reducing the economically inactive by 35,000

The setting of this target was entirely appropriate given that low activity rates have been a persistent Welsh economy problem, and one that ties closely to the GDP per capita gap between Wales and the UK.

The numbers of economically inactive within the population of working age in Wales is determined in part by the following:

- People looking after family or home
- Long term sick or disabled
- Students
- Other cases

In 2000 economic inactivity as a percentage of the population of working age in West Wales and the Valleys was around 28%. The working age population in West Wales and the Valleys was an estimated 1.15m in 2001 i.e. it is estimated that there were around 322,000 people inactive in West Wales and the Valleys in 2000-01. On this basis reducing the economically inactive by 35,000 people is an 11% reduction. Assuming for simplicity no movement in the denominator between 2000 and 2006, if the target was reached this would mean the economic inactivity rate falling to around 25% in the West Wales and the Valleys area. The 2000 Welsh inactivity rate was an estimated 26% in 2000.

⁴ Perhaps more reasonably 2002-08 given the actual programme is 2000-06.

Table 3.1 Economic Inactivity Rates 1994-2000 Wales

1994	26.9%
1995	26.4%
1996	26.2%
1997	25.6%
1998	27.7%
1999	26.3%
2000	26.0%

Source: Regional Trends, various

For Wales as a whole economic inactivity rates (see above) have changed very slowly in the period 1994-2000. Given the specific difficulties in West Wales and the Valleys, a 3 percentage point reduction to the Welsh average is very ambitious target.⁵ At the same time this increase in economic activity matches very closely with the objectives of the ERDF and ESF funding in terms of addressing intra-regional imbalances.

4. Summary of Movements in Economic Baselines and Continued Relevance of the Current Situation Description in SPD

The economic baseline data from the Programme Complement largely relates to the years 1999-2000 and is not yet able to be updated in any meaningful way. Indeed, the development of a consistent series on these baselines is now going to be difficult because of changes brought about by the accession of the Annual Business Inquiry (I and II), which will affect employment estimates. It is also important to note that none of the statistical baselines for the Priorities relate to activity rates, or GDP in the Objective 1 area, which is problematic given that these are overarching objectives of the programme. EU guidance is that baseline data should be set in such a way that the hierarchy of objectives and targets included in the programme are adequately covered.

Table 4.1 below highlights the baselines from the Programme Complement, and shows where data can be updated. It is far too soon to examine whether activities under the Objective 1 programme are feeding through into baseline indicators posited in this way. In fact given the wide range of influences on the West Wales and the Valleys economy it would be difficult to isolate the effects of structural funding on these baselines.

Another issue is how far the description of the current situation in West Wales and the Valleys is still accurate. Much of the economic and social data covered in the SPD was for the years 1997 and 1998 (with some selected labour market data for 1999). A suite of more recent statistical information on the West Wales and Valleys economy together with East Wales, Wales and GB comparators is found in Appendix 1 to this report.

In overall terms, new statistics published during 1999-2003 have consolidated the conclusions found in the SPD. Recent information continues to highlight the fact that West Wales and the Valleys (and Wales as a whole) continues to lag behind other regions, and faces severe

⁵ It would also be useful in the Programme Complement to clarify the expected relationship between the employment target and the expected reduction in inactivity i.e. some may move from inactivity to employment, but others may move from inactivity to unemployment. Assuming all those who move from inactivity move to full-time jobs – then this would presumably leave c.8,500 jobs for those unemployed.

problems that are rooted in the area's industrial and employment structure. A few examples are given to demonstrate this:

- The original SPD demonstrated that amongst reasons for the GDP per capita gap were low relative earnings, and low activity rates. The diary and analysis of economic events in the next sections reveals that trends in industry openings, closures, restructuring and rationalisation are likely to be exacerbating the earnings gap problem. It is estimated that manufacturing value added in Wales fell by around 5.3% between 1998-1999. Manufacturing employment in West Wales and the Valleys has been particularly vulnerable. The net result of the structural change continues to be the loss of relatively well paid male and female jobs in manufacturing, but with new employment opportunities occurring in sectors where pay differentials between Wales and the UK are large, for example financial and businesses services and other market services. In April 2002 average weekly earnings for males in West Wales and the Valleys were 81% of the GB average, whilst earnings for females were 88.5% of the GB average (New Earnings Survey, 2002). Ironically, in Wales the pay gap between males and females is likely to be narrowing but for the wrong reasons.

Table 4.1 Statistical Baselines Objective 1 Area

	Wales or WWV	DATE	Source	Data in Baseline	Latest Data and Date
PRIORITY 1 THE SME BASE					
VAT reg SMEs	W	2000	IDBR, ONS	71,920	74,355 (02)
Employed in SMEs	WWV	2000	IDBR, ONS	162,160	
VAT reg SMEs	WWV	2000	IDBR, ONS	43,520	44,915 (02)
New VAT regs	WWV	2000	IDBR, ONS	3,495	3,480 (01-02)
Bus survival rate after 1 year	W	1999	IDBR, ONS	88.6%	
SME density per 10K pop	WWV	2000	IDBR, ONS	233	
PRIORITY 2 INNOV AND KNOWLEDGE ECONOMY					
Emp+Self Emp in IT occs	W	2000	LFS	1.6%	
Employers reporting skills gaps and training provisions	WWV	1998	FSNW	18%	
Exp on R&D	W	2000	Reg Trends 36	£144m	
H/Hs with personal computer	W	2000	FES	27% or less	c.31% (98-01)
% of businesses with internet access	W	2000	Ecomm Enquiry, ONS	57.8%	
% of businesses with sales by e-commerce	W	2000	Ecomm Enquiry, ONS	8%	
% of businesses with website	W	2000	Ecomm Enquiry, ONS	43.7%	
PRIORITY 3 COMMUNITY REGENERATION					
Residents	WWV	2000	ONS	1.87m	1.85m
Employment	WWV	1998	AES	528,400	605,900*
Employment in special target area	Target	2000	ABI	247,300	
Claimants in target	Target	2000	Emp Service	21,500	
Incapacity claimants in target	Target	1999	Dept Work Pens	71,500	
SMEs in target	Target	2000	IDBR	12,650	
PRIORITY 4 DEVELOPING PEOPLE					
Employed	WWV	2000	ABI	532,424	605,900*
Family Credit claimants	WWV	1999	Dept Work Pens	32,190	
Claimant count	WWV	2000	Emp Service	36,230	28,813 (10/02)
Rates of unemp related benefit claims	WWV	2000	Emp Service	4.9%	3.9% (10/02)
Incapacity benefit claimants	WWV	1999	Dept Work Pens	145,270	
Working age people in adult learning	WWV	2000	NES	27,000	
Av Gross weekly earnings	WWV	2000	NES	£295.28	£319.76
PRIORITY 5 RURAL DEVELOPMENT ETC					
VAT based ag businesses	W	2000	IDBR, ONS	10,005	
Farm holding no.	W	2000	Welsh Ag Census	18,925	
Employed on farm holdings	W	2000	Welsh Ag Census	32,849	
Employment in ag, for, fish	W	2000	LFS	20,325	
VAT reg SMEs	W	2000	IDBR, ONS	43,520	44,915 (02)

PRIORITY 6 STRATEGIC INFRASTRUCTURE					
Employed	WWV	2000	ABI	532,424	605,900*
Claimants	WWV	2000	Emp Service	36,230	28,813
Claimant rate	WWV	2000	Emp Service	4.9%	3.9%

* figures on employment in 2001 are not comparable to those in 2000 because of re-scaling under new database.

- Recent data continues to demonstrate the low relative levels of economic activity in West Wales and the Valleys. Information from the 2001 Labour Force Survey shows that activity rates were 71.7% in the Objective 1 area compared to the UK average of 78.6% (although the most recent Quarterly returns suggest there may have been a rapid improvement in employment).
- Inward investment performance in West Wales and the Valleys as a whole has been fairly good. During 2001-02 of the 93 new inward investment projects coming to Wales, 59 were in the Objective 1 area, and were associated with nearly 50% of the planned capital investment, and 62% of the new jobs. Still of concern is the small number of projects and jobs going to the more peripheral areas of Wales. For example in 2001-02, Anglesey, Ceredigion, Gwynedd, Carmarthenshire, and Pembroke attracted a total of 25 projects, but just 8% of planned capital investment and around 15% of new inward investment jobs.⁶
- The distribution of total employment in West Wales and the Valleys still reveals a relatively high share in manufacturing, and this is a sector which has been hit hardest by recent international events. The employment growth trends highlighted in the SPD i.e. growth in selected services sectors, but with continued losses in production and primary sectors are expected to be maintained. This is illustrated with recent forecasts from Cambridge Econometrics which show medium and long term trends in employment (below).

Table 4.2. Employment Trends in Wales 1990-2015 (growth per cent per annum)

	2000-05	2005-10	2010-15
Agriculture etc	-5.0	-1.6	-1.5
Mining and quarrying	-4.8	-2.8	-3.6
Manufacturing	-3.7	-1.7	-1.6
Electricity, gas and water	-4.9	-2.1	-2.8
Construction	3.2	-2.2	-1.5
Distn, hotels etc	-1.4	0.6	0.4
Trans & Communications	1.6	0.7	0.8
Financial and business services	1.1	1.9	1.8
Government and other services	1.3	0.6	0.6
Total employment	-0.2	0.2	0.3

Source: Cambridge Econometrics, Regional Economic Prospects, February 2003.

- Recent figures for 2001-2002 also reveal that new firm formation rates in West Wales and the Valleys continue to be relatively low. The formation rate (in terms of new VAT registrations) for 2001-02 was 7.8% in West Wales and the Valleys, 8.1% for Wales as a whole, and 10.7% for the UK.

⁶ Data provided confidentially by special request from WDA.

In the light of the above, a 'current description' written in Spring 2003 would paint a bleaker picture than that contained in the original SPD. This conclusion is now substantiated with a review of how recent global and national events have affected economic prospects in West Wales and the Valleys.

5. Global and UK Economic Context

The aim of this section is to highlight the main global events which have affected the Welsh economy, and in particular the West Wales and Valleys economy during the period 1999-2003. This section will also comment on the UK economic context during this period, and will conclude with a summary of UK **economic trends**. Table 5.1 sets out the key world and UK factors that have played a part in shaping the prospects of the West Wales and the Valleys economy. World economic growth was reasonably strong during 1999 and 2000, but slowed considerably in 2001. During 1999, parts of the world economy were still recovering from the South East Asian financial crisis, whilst in 2001, an already slowing world economy suffered further as a result of the September 11th terrorist attacks. Growth projections for the main global economies are still poor. For example, the IMF in its *World Economic Outlook* (April 2003) revised downwards growth projections for the main industrial economies. Global prospects are expected to focus on the growth of the US economy, but this economy is currently experiencing falling employment. Clearly, it is too early to examine the economic fallout from the war in Iraq, but in the short run this is unlikely to have improved confidence. Prospects in the world economy are a key factor in determining growth in the UK and Welsh economies.

An important (for Wales) aspect of the world economy is trends in foreign direct investment (FDI) flows. Data for FDI flows over the 1999-2000 period show a strong upward trend, in line with the growth performance of the world economy. However, preliminary data for 2001 shows that world FDI inflows fell by around 50%. Wales remains an important FDI location within Europe. However, Wales now has to compete for a share of FDI against increasingly competitive locations within Central and Eastern Europe. The cost competitiveness of these and other locations has also been a significant factor in recent rationalisations and restructuring which have affected many sectors of the Welsh economy (see sections below).

The UK economy is estimated to have grown by around 2.4% in 1999, and by just over 3% in 2000. In line with slower growth of the world economy, output growth in the UK fell to around 1.9% in 2001. Expectations are that growth will have slowed further during 2002, but that output will grow by over 2% during 2003 (IMF). The UK services sector has performed particularly well over the 1999-2002 period, more than offsetting a generally poor performance in production sectors. This is a factor linked with the continuance of the GDP per capita gap between West Wales and the Valleys and the UK. The region's economy has a relatively strong representation in slower growing manufacturing sectors as opposed to higher value services sectors. UK economic growth has been fuelled by strong consumer spending, which itself has largely been a consequence of low nominal interest and inflation rates. Nominal interest rates are now at their lowest levels for many decades. The associated 'boom' in property markets has had further impacts on spending as property owners see the value of their equity increase.

The UK has been described as a 'two speed' economy, with manufacturing lagging behind the rest of the economy (*Economist* 9th March 2002). Important for manufacturers are exchange rates, and the relative strength of Sterling (particularly in relation to the Euro) which has generated difficult export conditions for much of the period (whilst making imports relatively cheap). The UK Index of Production, and trade statistics illustrate this problem. However, it is important to

note that during 2002-03 the Euro has steadily strengthened against sterling which could improve prospects for some sectors of Welsh manufacturing. The Index of Production provides a general indication of changes in output, and is derived by the Office for National Statistics (ONS) from their monthly production inquiry. The index is linked to 'base rate' output levels in 1995, and hence allows a comparison of current or past performance in relation to levels of output produced in 1995. Latest figures for the UK (2002Q4) show that output of production industries is currently the same as that produced in 1995, whilst in Wales, industrial production is around 8% below its 1995 levels.

Table 5.1 Key factors influencing Objective 1 area economic prospects 1999-2003			
Factor	Impact on O1 area		Influence on economic activity in O1 area in period
World			
World economic growth	Impact on UK and Welsh economies generally, through trade relations, business confidence and levels of demand etc. World economy suffered as a result of key events during the period. Estimated growth of real GDP for the advanced economies exceeded 3% during 1999 and 2000, but fell to 0.8% in 2001. Expectations are that growth will be around 1.7% for 2002, increasing to 2.5% in 2003 (IMF).		↓↑
Trends on FDI	In 1999 and 2000 world FDI inflows increased significantly (by over 50% in 1999, and by over 35% in 2000). However FDI inflows fell by around 50% during 2001 (UNCTAD). An increasingly significant share of FDI activity is accounted for by cross border mergers & acquisitions - hence further reducing the available 'new' or 'greenfield-type' FDI. There is a relatively stable and positive relationship between the growth of world GDP and global FDI flows. Wales has traditionally been a significant recipient of manufacturing FDI.		↓
Cost competition	The cost competitiveness of many areas of eastern and central Europe in particular has impacted on FDI flows to Wales and has been a key factor contributing to relocations and restructuring of Welsh based activities. See below.		↓
Asian Financial Crisis	During 1999 the impacts of the Asian Financial Crisis were still being felt by many economies around the globe, resulting in uncertainties for stock markets and company failures. Major investments were withdrawn (or delayed) from the UK as a direct consequence of the crisis (Hyundai - Fife, LG Semicon - Newport). Wales was home to many South East Asian inward investors. However the impacts on the Welsh economy were limited.		?
September 11th terrorist attacks and aftermath	In September 2001, the already slowing world economy faced further problems. The events in New York impacted on the O1 area principally through tourism and aerospace industries, and a general increase in economic uncertainties - which meant that investments plans around the world were cancelled or delayed. This had indirect effects on the WWV economy as a result of falls in overall business confidence.		↓
Iraq war	Speedy resolution of the conflict has removed some earlier uncertainty. Too soon to comment on longer run effects.		↓↑
UK			
UK economic growth	The UK economy is estimated to have grown (in real terms) by around 2.4% in 1999, by just over 3% in 2000, and by 1.8% in 2001. Expectations are that growth will slow to around 1.3% in 2002, but will increase to over 2% in 2003. Prospects for the Welsh and WWV economy are heavily dependent on the progress of the UK economy.		↓↑
Interest rates	Interest rates have fallen during the 1999-2002 period, and are currently at their lowest rates for five decades. This has had a positive impact on business investment, but has implications for property markets. House price inflation has been significant across Wales, although the WWV area has lagged behind the Welsh average. House price inflation can have negative social consequences, particularly for rural communities where local housing can become unaffordable to many first-time buyers. Little prospect of interest rate hikes in 2003.		↑
Exchange rates	The strength of Sterling (in relation to the Euro) has been a major problem for Welsh-based manufacturers, who face difficult conditions in export markets. This factor has had particular relevance for the industrial valleys areas, and areas of Swansea and Carmarthenshire. However, in recent months Euro has strengthened against sterling which could improve prospects for surviving elements of local manufacturing.		↓
Business Confidence	The CBI/BSL surveys of manufacturing business confidence had shown firms to be pessimistic about the general business situation during 2001, and into the opening months of 2002. However some optimism has reappeared later in 2002. The high degree of external ownership of Welsh-based activities in both production and service sectors makes the economy particularly vulnerable to changes in business confidence within the UK.		↓↑

	Consumer Confidence	Consumer confidence within the UK has remained strong during the 1999-2002 period, and has been the key driver of economic growth, buoyed by low interest and inflation rates. Manufacturers in many parts of Wales produce final goods for consumer markets, whilst others will manufacture intermediate goods (for example, automotive components) which will ultimately satisfy consumer demand.	↑
	UK Industrial Production	The UK Index of Production has not performed well during the 1999-2002 period. The Index started in 1999 at just 2% above its 1995 levels, rising to almost 6% above by the third quarter of 2000. However, since then the path has generally been downwards. In the year to 2002Q4 the UK index fell by 1.2%. The Index is largely reflecting poor conditions in the UK manufacturing sector, which has declined in output and employment terms over the period. Wales, with a larger relative share of manufacturing activity has performed even less well. Latest figures (2002Q4) put the Welsh Index of Production at 8% below its 1995 levels.	↓
	Local		
	Foot-and-mouth disease (FMD)	During the opening months of 2001 the first cases of FMD were discovered in Wales. The crisis lasted many months, and the consequences of this crisis are still being felt today. This impacts of this crisis were concentrated in agricultural and tourism dependent economies. Compensation payments reduced impact of FMD in agriculture but not other related sectors.	↓
	Labour market strengths	Continued strength of Welsh labour markets, continuing to feature low levels of unemployment, despite manufacturing shocks. Welsh unemployment at 4.8% in January 2003. In September 2002 1.068m employment jobs in Wales and this figure little changed on same month in 2001.	↑
	Rationalisation and restructuring in financial and business services sector	This has affected all areas of Wales over the past decade, and is likely to continue to influence Welsh economic prospects. Within the Cardiff and south east Wales economies, headquarter-type activities of many financial institutions have moved out of the region. Of more significance in rural O1 areas has been the loss of local provision of financial services (closures of bank branches etc). Also, this factor has generated new investments, as rationalisations and restructuring of activities within the UK FBS sector have resulted in separate call centres being established, many of which have located within Wales. This has been a source of employment growth in Wales, although there are concerns about the stability and quality of employment.	↓↑
	Cost competition and the movement of activities overseas.	Key sectors to be affected by this factor in the 1999-2002 period include electronics, automotive components and textiles. However cost competition abroad has also been associated with the movement of call centre activities from the UK to locations including India.	↓
	Restructuring in metal manufacturing sectors	Most notably, this has affected steel manufacturing in Wales. However also included would be the aluminium industry, which has suffered a number of company closures.	↓
	Public sector spending	Increases in public expenditure on, for example health and education over the period have sustained economic activities in these sectors.	↑
	Lottery-funded investments	There have been a number of significant new leisure and recreation investments in Wales as a result of lottery funding. For example, in Carmarthenshire these have included the National Botanical Gardens, Llanelli coastal path, and various cycle paths.	↑
	Sport and major events	Whilst these have been concentrated in the Cardiff area, their influence will have been felt within the O1 area. Events included the 1999 Rugby World Cup, FA cup and Network-Q rally of Great Britain.	↑

6. Progress of the West Wales and Valleys Economy, 1999-2002.

The analysis of the West Wales and the Valleys economy is made difficult by the diverse nature of the sub-economies that exist within it. For example, the south and east Wales valleys areas have had an industrial history which continues to impact on communities in these locations today, whilst the west and north west of Wales have had a reliance on the agricultural, tourism and oil industries and on the public sector, particularly defence. Moreover, rural parts of the Objective 1 area tend to have experienced higher employment rates, population growth, and have scored better on general deprivation indices (IMD) compared to the Valleys area. Some northern parts of the Objective 1 area have tight economic connections with areas of north east Wales, and areas across the border with England. Economic factors during the past 3 years have therefore had different effects on different parts of the Objective 1 area.

Despite being on the periphery of the UK, the West Wales and the Valleys economy has not been sheltered from the general unease in international trade. A number of large companies, on which local communities were strongly dependent, made cutbacks during the 1999-2002 period, whilst there has also been some significant new investment in the area.

The aim of this section is to provide a brief commentary on the progress of the West Wales and the Valleys economy over the past 3 years, commenting on key factors that have impacted on the economy. This section will be followed by a more detailed sectoral analysis below.

Key local factors influencing the economy of the region over the period (see Table 5.1) have included the BSE and foot-and-mouth crises, the impacts of corporate mergers, rationalisations and re-structuring, public sector spending, lottery funded investments and sport and major events.

During 1999 the agricultural economy was recovering from the BSE crisis and the consequent ban on beef exports from Britain, which began in 1996. A few years later, in 2001, the industry was hit once again as foot-and-mouth disease spread throughout the Welsh countryside. This had wide-ranging impacts on many parts of the economy, as large parts of the country were 'closed for business'. The impact was felt most keenly by agricultural and tourism industries.

A range of developments within the West Wales and the Valleys economy over the past 3 years can generally be classified as the result of factors relating to mergers, rationalisations and re-structuring activities.

Within the financial and business services (FBS) sector, many 'higher-order' headquarter-type functions have moved out of the region (generally from Cardiff and south east Wales) during the past decade, reducing job-opportunities in neighbouring areas (some of which are within Objective 1 areas). In addition, a number of locations within the Objective 1 area will have been affected by the reduction in local provision of financial services, such as the closure of bank branches. However, there has been some new investment in the FBS sector, which has principally been derived from call centre activities, which are themselves a product of restructuring of company activities within the UK. Wales is now home to around 120 call centre employers. Whilst there have been a number of significant call centre developments within the Objective 1 area, there have also been closures, and hence concerns over the stability and 'quality' of employment being offered.

Another factor influencing local economic prospects has been cost competition and the movement of activities overseas. A number of sectors have been affected by this factor in the recent past - most notably electronics and textiles sectors. For example, during the Autumn of 2000 several consumer electronics manufacturers reported that redundancies would be made across South Wales plants, with further redundancies announced since then in North Wales, whilst a number of closures were announced by clothing manufacturers within south and west Wales as production was moved to lower cost locations overseas.

During the 1999-2002 period there has been significant restructuring within the Welsh metal manufacturing industry. During the 2000 and 2001 significant job losses were announced in the steel industry, with direct impacts and indirect impacts spread throughout Wales.

Many parts of the public sector in Wales, including both health and education have benefited from real increases in public expenditure over the 1999-2002 period. As a result, these sectors have performed well in terms of employment and output growth. The public sector is a significant employer within the Objective 1 area, which is home to a number of universities and hospitals, as well as 15 unitary authority administration headquarters. However, other parts of the public sector, such as defence, particularly important to the West Wales economy, have experienced cut-backs during the period.

Lottery funding (for example Millennium projects) has impacted on the Objective 1 area through major projects such as the National Botanic Gardens and the Llanelli coastal path⁷ in Carmarthenshire, whilst a number of smaller 'community' projects have been undertaken across Wales. Another positive factor has been the range of sport and major events to have taken place in Wales during the period. Whilst these have generally taken place in Cardiff, at least some impact, through tourism and increased profile for the region, will have been felt in parts of the Objective 1 area.

In spite of the negative elements noted in this section, and a series of national and global shocks, Welsh labour markets have been fairly buoyant. Total numbers employed in Wales have shown little change in period 2001-02 (LFS shows that employment in Wales increased by around 1.8% in year to 2002Q2), and unemployment rates remain at low levels. However, the aggregate figures hide reductions in manufacturing employment, but increases in services sector employment. The changing distribution of Welsh employment continues to effect the earnings profile, as relatively well paid manufacturing jobs (largely full time) are replaced by relatively lower paid services sector jobs, a proportion of which are part time.

7. Sectoral Review

Table 7.1 below provides a sectoral analysis for the West Wales and the Valleys economy for the 1999-2003 period. This Table identifies key sectoral developments and events during the period, including sectoral initiatives and company openings and closures. The company specific information in the table largely relates to those located within the West Wales and the Valleys area. However an important consideration is that due to commuting patterns across unitary authority boundaries, for example, between the valleys areas and Cardiff or Newport, company developments within East Wales will influence economic prospects in West Wales and the Valleys. At the same time, a new company opening in West Wales and the Valleys for example, may employ residents of East Wales.

⁷ Many of these projects were assisted by earlier rounds of ERDF funding.

Table 7.1 Sectoral Developments in Objective 1 Area 1999-2003.

SECTOR	Key Factors (Influences)	Influence on economic prospects in sector & O1 area
Agric.	The export ban on beef was lifted by 1999, but the sector was still being hampered by extremely low stock prices and the relatively high value of sterling.	↓
	Markets such as those for sheep meat, and the dairy sector, suffered from over supply, with consequent impacts of prices.	↓
	Expected reductions in hill farm subsidies under the Agenda 2000 programme.	↓
	Low farm incomes in most Welsh agriculture sectors as costs continued to rise, whilst revenues fell.	↓
	The sector in Wales was badly hit by the foot-and-mouth epidemic during 2001. The worst affected areas were Anglesey and Mid-Wales. Compensation payments partly alleviate problems in agriculture but not other sectors.	↓
	There were longer term consequences of the closure of large portions of the Welsh countryside on rural businesses and the tourism sector more generally, a sector into which many agricultural businesses had diversified.	↓
	A series of agricultural initiatives, such as the Rural Recovery Plan (announced July 2001), and other schemes such as Farming Connect and the Agri-Food Strategy (both co-funded from O1 funds) aim to improve sector prospects.	↑
	During 2002 the NFU aimed to secure higher farm gate prices for dairy farmers from the major processors and retailers. Stock prices show some improvements in 2002-03.	↑
	Sector employment and output is expected to decline in the period to 2006. Agriculture a significant employer in rural authorities but contribution to region's GDP still small.	↓
Forestry	Growers have been badly hit in the recent past by low timber prices.	↓
	Imported products remain highly competitive (e.g. from Baltic states).	↓
	Difficulties in agricultural sector impact on farm woodlands.	↓
	Domestic demand for saw-logs has contracted as Shotton papermill increases its use of recycled products	↓
	BSW (Newbridge) was refused permission for new biomass generation.	↓
	There have been new timber industry supply chain initiatives (by the WDA)	↑
	In addition, there have been new marketing initiatives in forestry.	↑
	Timber supply from Wales is expected to increase significantly over the next 10 years, which may further reduce prices.	↓
Fishing	Limited capacity in domestic fishing industry.	↓
	There have been marketing initiatives to promote west Wales shellfish.	↑
	Export markets remain strong for high quality shell fish.	↑
	Strong tourism prospects in leisure fishing sector.	↑

	Shellfish sector in west Wales affected in 2002 by disease outbreak in cockle beds (subsequently beds declared clear in Dec 2002).	↓
Mining and Quarry	Output continued to decline in Wales over 1999 – 2002 period. By the final quarter of 2002, output in the sector in Wales over 25% below 1995 levels.	↓
	The profitability of the quarrying sector (with a strong concentration in north Wales), was damaged by the recent hike in fuel prices.	↓
	The sector faced addition cost pressures from the introduction of new aggregate extraction taxes.	↓
	There have been a number of mergers amongst larger players in the UK quarrying sector.	↓
	Prospects for large parts of the coal sector still largely determined by the demands of one customer – the National Power generation station at Aberthaw near Cardiff,	↓↑
	Competitively priced imports of coal maintain pressure on this sector.	↓
	Proposal made in 1999 by Celtic Energy and Tower Colliery to sink a new £25m deep mine at Margam to produce 500,000 tonnes of coking coal per annum has still not progressed.	?
	During 2002 rising insurance risks were reported to be threatening the remaining mining industry in Wales.	↓
	Downsizing of Corus activities in Wales reduced potential ‘home’ market for coal.	↓
	Opencast mining activities are likely to be affected by stronger environmental and planning regulations.	↓
	Output and employment is expected to decline still further in the period to 2006.	↓
Energy and Water	Output in the sector fell by over 6% in 1999, and continued to fall in 2000 and the first half of 2001.	↓
	Output growth returned to the sector in the second half of 2001, largely as a consequence of the Wylfa power station on Anglesey returning to production.	↑
	Price regulation in Water sector has been linked with reductions in sector employment.	↓
	Take-over of Hyder by Western Power Distribution (WPD - US owned company), with a loss of local control.	?
	There is little local autonomy in electricity sector - MANWEB, the supplier of electricity to much of North Wales is owned by Scottish Power.	↓
	Sale of water-related assets of WPD to Glas Cymru, with strong ‘local’ control of activities.	↑
	There are prospects for new gas fired power station capacity in Wales. Also prospects for new power station at Onllwyn using new ‘clean’ technology using locally produced coal and oil refinery products.	↑
	Wales currently outperforms the UK in terms of energy from renewable sources (3.2% compared to 2.8%). However whilst there are prospects for further developments, such as on and off-shore wind farms, these often face public concerns regarding visual and noise impacts.	↑

	Sector has growth prospects in the period to 2006, however there may be further employment losses due to competitive and regulatory pressures.	↓
Food and Drink	Output in the Welsh sector has remained relatively stable during 1999-2001. Output in food and drink increased by 13.7% in year to 2002Q4.	↑
	Sector expected to be one of the only expanding sectors of Welsh manufacturing in the period to 2010.	↑
	During 2001 Dairy Crest announced the closure of its plant in Carmarthenshire. However in early 2002, a £17m joint venture was announced by chilled-dairy-foods group, Dairy Crest, and First Milk, the UK's largest milk supply business, to create Haverfordwest Cheese Limited.	↓↑
	There has been some successes in establishing local supply contracts with major supermarkets – e.g. St Merryn Meats at Merthyr Tydfil have expanded production in 2002 as a result of contracts with Tesco.	↑
	As a direct result of a fire at its meat processing plant in 2002, over 180 workers were made redundant at Dawn Pac in Crosshands. Limited production continues, however the company have yet to make an announcement regarding the future of the plant.	↓
	Due to expanding markets for spring and mineral waters, Brecon Carreg increased production at its operations in Trapp, near Ammanford.	↑
	There are a number of initiatives to market high quality Welsh food products (WDA Food Directorate). Some of these have been assisted with Objective 1 funding	↑
	The sector has good employment and output growth prospects.	↑
Electronics	Output in the Welsh electrical and optical sector grew significantly during 1999 and 2000. However since then sector output has fallen sharply. Welsh electrical and optical sector output fell by 13.9% in year to 2002Q4.	↓
	Prospects in the sector will be affected by the slowdown in world FDI flows.	↓
	In addition, prospects for new inward investment threatened by cheaper production locations in South East Asia, China and eastern Europe.	↓
	There has been a movement of activities out of Wales to lower cost locations overseas. For example during 2000 Sony (Bridgend), and Hitachi (Hirwaun), and plants in other parts of Wales announced job losses.	↓
	Competitively priced imports, partly related to high value of Sterling were connected with job losses in the sector in Wales.	↓
	Falling demands for 'old technology' products e.g. Video recorders, CTVs, have hindered sector prospects.	↓
	Parts of the sector (medical equipment, optronics) performing well, with strong growth prospects – although currently of small scale.	↑
	New MOD contract for Computing Devices Canada (CDC) based in Blackwood.	↑
	New optronics sector of excellence due to be opened in St. Asaph, Denbighshire in 2003 (with funding from O1 programme).	↑

Trans Eqmt	The sector in Wales has performed well, with output at over 25% above 1995 levels during the 1999-2002 period. Sector output grew by 17.7% in year to 2002Q4.	↑
Inc	The sector is vulnerable to competition from overseas	↓
Automotive	Relatively labour intensive elements of the sector subject to relocations of activities to lower labour cost areas in central and eastern Europe.	↓
	Restructuring and downsizing of production at major UK car production sites (e.g. Ford, Rover, Nissan, Honda) had impacts on supplying firms in Wales.	↓
	These poor conditions in parts of the automotive components sector resulted in job losses, for example: - 80 jobs at Calsonic in Llanelli in 1999. - 750 at Lucas-SEI in Ystradgynlais in 1999. - 200 at Fenner (Maerdy) in 1999. - 450 jobs at Krupp Camford Pressings (Llanelli) in 2000. - 200 jobs at KTH in Llanidloes.	↓
	A series of new investments have been announced at Ford in Bridgend.	↑
	In the aerospace sector, job losses occurred following the September 11 th events. GE Aircraft Engine Services announced in the summer of 2001 that jobs would be lost, and in early October, a further round of redundancies at its Nantgarw site were announced. CF Taylor, BA Aerospace-owned aircraft cabin interior manufacturer, announced the forthcoming (in 2003) closure of its plant at Dafen.	↓
	Output from the sector as a whole is expected to decline in the period to 2006, but elements of the aerospace and other transport sector evidence stronger prospects in line, for example, with developments at Broughton (British Aerospace), and with new WDA initiatives to win aircraft maintenance contract work for North Wales.	↓↑
Textiles	Sector output has been declining in Wales for many years. By the final quarter of 2002, sector output was around half of its 1995 levels, with very limited activity remaining in this sector. Textiles sector output fell by 8.6% in year to 2002Q4.	↓
	Significant in this sector was the decision of Marks and Spencer to end its supply contract with the Baird group, and to seek cheaper foreign alternatives, together with a radical restructuring of its supply chain (resulting in the closure of plants at Pontardawe and Maesteg for example). This placed 1,200 Baird jobs in Wales at risk, with seven Baird plants largely dependent on M&S contracts.. In addition significant job losses have occurred due to plants closures in Swansea, Fishguard and in Cardigan at Dewhirst (another local M&S supplier).	↓
Oil Proc.	Sector output (concentrated in Pembrokeshire) in Wales fell over the 1999-2002 period.	↓
	Texaco initiated a £44million investment in 2000 to produce cleaner fuel in line with EU specifications and safeguarding some 750 jobs at Pembroke Dock.	↑
	Exxon Mobil confirmed it was investigating the potential of taking up the former Esso site at Milford Haven in 2002. The company is looking for a location for its first UK Liquefied Natural Gas terminal, and if the Pembrokeshire site were chosen, major employment opportunities would be created.	↑

Metals	The Welsh metal manufacturing sector has experienced significant output and employment losses over the period. Output levels in 2002 around 23% below 1995 levels.	↓
	The merger of British Steel with Dutch steel producer Hoogovens was announced during the summer of 1999, raising concerns over the future of steel employment in Wales.	↓
	In early 2001 Corus announced the forthcoming closures of operations in Bryngwyn and Ebbw Vale, and a significant downsizing of operations in Llanwern and at Shotton. This followed a series of other announcements during the previous years, affecting other plants (e.g. Port-Talbot)	↓
	The loss of output and employment at Corus generated further significant impacts in the supply chain (e.g. contractors, including transport services, and other suppliers), as well as implications for local communities as a result of lost local employment incomes.	↓
	Other parts of the sector (e.g. aluminium) also experienced difficulties. For example, Alcoa announces job losses in Conwy and in Swansea (some jobs in latter subsequently saved). Although not in the O1 area ASW Cardiff problems in 2001-02 done little to boost confidence in the sector.	↓
Construction	Construction sector output in Wales in 1999 was around 7% below in 1995 level, and fell still further to 14% below in 2000, and almost 20% below in 2001.	↓
	There has been some recovery in output during 2002, with growth of output of 12.2% compared to 2001.	↑
	This disappointing performance has been despite a number of large construction projects in Wales, including the extension of the A55 across Anglesey, which was completed in 2001.	↓↑
	Employment in the sector is highly volatile and can change significantly from year to year.	↓↑
	New house builds support sector development in 2001-02.	↑
Tourism	Foot-and- mouth crisis impacted significantly on this sector during early 2001. The epidemic led to the cancellation of landmark events such as the Royal Welsh Show at Builth Wells in July, which regularly attracts around 200,000 visitors.	↓
	The £43.4m National Botanical gardens in Carmarthenshire were opened during May 2000.	↑
	Blaenavon was recognised as a World Heritage Site by the United Nations. This recognition was expected to boost tourism prospects at heritage sites such as the Blaenavon Ironworks, and the Big Pit Mining Museum. An extensive programme of redevelopment and infrastructure improvement was planned for the Blaenavon area, with the hope that the tourism allied investments could transform one of the most economically disadvantaged areas of Wales.	↑
	The National Museums and Galleries of Wales (NMGW) have significantly increased visitor numbers, largely as a consequence of a new free entry policy started during 2001-02.	↑

	The NMGW announced a £30m new museum development on the Swansea waterfront dedicated to demonstrating Wales' role in the industrial revolution. The development is expected to create up to 200 jobs and be completed during 2005.	↑
	Plans outlined during 2002 for a proposed new all year round holiday village (Bluestone) in Carmarthenshire.	↑
	There is likely to be some employment and output growth in tourism in the period to 2006.	↑
Retail and Distrib'n	Strong consumer expenditure within the UK has contributed to a good overall performance for this sector in Wales.	↑
	The retail sector in Wales has received a boost from recent investment decisions by the supermarket giants.	↑
	For example, a new Asda development at Swansea created around 200 jobs in the summer of 1999, while the same company also developed a store at Aberdare.	↑
	Tesco invested in a new superstore in Neath, and has re-developed its superstore in Fforestfach in Swansea.	↑
	However Kwik Save closed its Prestatyn headquarters with the loss of 700 jobs during 1999. Whilst Somerfield the new owner of Kwik Save transferred control to its Bristol headquarters.	↓
	As part of its UK-wide expansions, supermarket chain WM Morrison will open outlets in Port Talbot and Ebbw Vale during 2003. Other expansions include fabric retailer Dunhelm (new Swansea superstore creating 120 jobs).	↑
	Prospects in this sector are good for the period to 2006.	↑
Trans. and Comms.	<i>This was one of the fastest growing sectors in the UK and in Wales over the past 10 years.</i>	↑
	The road transport sector have been affected by rising fuel costs.	↓
	In the summer of 2002, Consignia announced that 17,000 frontline staff would be lost from its UK wide postal operations over a 3 year period. In addition a number of post offices have been closed around the country.	↓
	Call centre developments have been a feature of this sector in Wales.	↓↑
	For example, during 1999, Cable and Wireless announced that it would be creating over 1000 jobs in Swansea over a 4 year period, whilst 1 st Line Mobile expanded its operation in Swansea and Cardiff. In Pembroke dock, a centre was opened, the product of a £1.8m partnership investment between 7C and Manpower. This site was to accommodate call centre employees of ITV digital. BT announced that 800 jobs would be created at Nantgarw, whilst One2One confirmed in 2000 that it would create 1,000 jobs at its mobile phone headquarters in Merthyr. However, a number of these call centres have since announced closure. In 2000, 1 st Line Mobile closed with the loss of 2,000 jobs in Wales, whilst around 900 call centre workers in Pembroke Dock were made redundant following ITV Digital's ill-fated deal with the Football League.	↓↑

	Long term prospects for call centre activities in Wales are uncertain. Employment in the sector is sensitive to local labour market and other factor conditions, and to ICT improvements.	↓↑
Fin. and business services	This has been a UK growth sector, however the Welsh economy is under-represented in terms of FBS activity. In addition FBS operations in Wales have generally not been of the high value-added variety, particularly since a number of headquarter activities have moved out of the region.	↓↑
	Call centre activities of major finance and insurance groups continue to show some growth, although a number of these have been in East Wales.	↑
	Call centre openings within the region include: - Lloyds TSB announced in 2000 that it planned to create 400 jobs in Bridgend. - Online Finance, part of General Motors Finance (a US owned company) announced during 2000, the creation of 400 new jobs in Caerphilly.	↑
	Some of these developments have however been counteracted by the loss of more 'traditional' sector jobs as a result of functional and branch rationalisation, which has impacted on many OI area communities.	↓
Educ. and Health	Welsh Assembly Government expenditures on health and education have increased in real terms over the period, with future increases planned.	↑
	The sector is a major employer in West Wales and the Valleys.	↑
	In 2000, NHS direct created around 100 jobs in Swansea.	↑
	There has been a major new hospital development in Port Talbot, the product of a private finance initiative.	↑
	The health sector has experienced 'supply-side' problems. Employees have left the sector, some to take up positions abroad, and there remains shortages of doctors, nurses, dentists etc., particularly in the more economically deprived parts of Wales.	↓
	The WWV area is home to a number of higher education institutions, several of which have strong links to local industry and communities.	↑
	Sector prospects in Wales are good for the period to 2006.	↑
Pub adm. & defence	The sector is a significant employer in the region, which includes 15 unitary authority area administrations.	↑
	The defence sector has traditionally been an important employer within west Wales, but has experienced a series of cut-backs in recent years.	↓↑
	In 2002 the military range at Aberporth announced it was to be scaled down. Expectations are for around 150 job losses as part of a £300m MOD long-term cost cutting campaign.	↓

APPENDIX 3: PRIORITY AND MEASURE ACTIVITIES, RESULTS AND IMPACTS

This Appendix assesses the coherence and relevance of the priority level targets and those at measure level, considers the extent to which targets are measurable; and also assesses the appropriateness of the statistical baselines underlying each priority – particularly the extent to which activities within the priority would be reflected in movements in the statistical baseline indicators. It should be noted, however, that baselines included in the revised Programme Complement are only provided on an indicative basis and do not form part of the formal structure of targets. Analysis is based on the activities, results and impacts in the current Programme Complement as at November 2002.

The Appendix also examines whether activities, results, and impacts at measure level are coherent with those at Priority level. This includes a commentary on activities and results at measure level which are not covered at Priority level (and vice versa). It is noted that it is not a requirement of the EU that the nature of activities and results at measure level (designed by the regional authority within the Programme Complement) map precisely onto those at Priority level as specified in the SPD. However, this commentary highlights areas where targets and outputs can be rationalised to increase the transparency of the Programme Complement. Moreover, a multiplication of targets could make it more difficult to address issues of efficiency in evaluation.

Priority 1 Expanding and developing the SME bases

Are the statistical baselines appropriate to reflect the expected activity at Priority level?

The statistical baselines for Priority 1 (see Table 1 below) are in 3 cases, based on VAT data. Whilst this is a commonly used measure of SME formation and death rates care would have to be taken when using it to assess the success of funding under this Priority. The numbers of firms registering for VAT can be a function of the VAT threshold. For example as this threshold changes, the number of firms registering/deregistering can also change. Then the priority impact of 6,000 net additional SMEs could, in part, be the result of threshold changes.

The use of survival rate after 1 year is also peculiar given the length of the Objective 1 programme. Indeed within the measures (1.2 & 1.4) this is specified in results as numbers of firms surviving, or survival rate after 18/24 months. The baseline should really be set in terms of survival rates after 1, 2, and up to 5 years. It is the longer term survival rate which is a key driver of longer run economic prospects, and a better guide to the success or otherwise of the funding used. It is likely that collecting information on survival rates could be difficult, and would potentially require a series of follow-up surveys of assisted SMEs.

Finally the use of employment in SMEs gives only a partial indication of the real success of this Priority. Ideally, the interest is in the small number of SMEs supported which go on to be large SME employers (i.e. 100-250 employees or even not SMEs, but large firms). Research from Warwick University suggests that for every 100 SMEs currently in operation, then in 10 years time just 4-5 will provide over half of the total employment of the original 100. Given the macro-employment objectives of the overall EU package to 2006, the need is for large indigenously controlled employers generated from the supported SME base.

Is there coherence between activities, results and impacts at Priority 1 level?

Overall, the activities, results and impacts might be viewed as linking up logically in economic terms, although it would be important to note that the activities purport to assisting 25,000 SMEs which is likely to be well over half the population of SMEs in WWV. This assumes half the population need assistance.

Does the type of activity expected within the individual measures relate to activity under the Priority?

Overall the activities at Priority level can be linked through to activities under each of the measure. Measure level activities not fully reflected at Priority level include:

- Measure 1.2. 600,000 people targeted by marketing, although this may be seen as linking to employees assisted, and managers/owners trained.
- Measure 1.4. Trainers trained, work modernisation projects, and provision of childcare places.
- Measure 1.5. Land and premises developed for business use.

The results under each measure can also largely be tied to results under the Priority. Exceptions include:

- Measure 1.1. Increased sales in supported SMEs not reflected in Priority level result but supposedly linked to job creation.
- Measure 1.2. Survival rate of new SMEs and increase in sales in supported SMEs not reflected in Priority level results.
- Measure 1.3. £760m increase in sales in assisted SMEs, and £143m of additional tourist spend not fully reflected in Priority level results – although they may, of course, help to generate jobs.
- Measure 1.4. Generally numbers of beneficiaries from ESF support not highlighted in results at Priority level.

Finally, the impacts of the Priority are posited in terms of net additional jobs and net additional SMEs created. However, under individual measures impacts are also recorded in terms of value added in supported SMEs (Measures 1.1, 1.3, and 1.5), and in the case of Measure 1.4 in terms of start up enquiries, and progress towards national education targets. It is difficult to link these to impacts at Priority level. Moreover, in Measure 1.1 and 1.2 there are different descriptions of jobs i.e. in 1.1. they are net ‘new’ – is this the same as net additional in 1.2.

Are the ‘measurable’ activities, results and impact under the measures consistent with those for the Priority?

An important consideration is how far numerical values for activities, results and targets made at measure level are consistent with those at Priority level.

Activities: There are 25,000 SMEs and 6,000 start-up SMEs to be assisted under the Priority. Unfortunately at measure level it is virtually impossible to tally this up because new and existing SMEs are combined in measure level activity. The boxed section below highlights the difficulty. Moreover, 1.2 includes 15,000 potential entrepreneurs, new and existing SMEs to be helped but it is unclear whether this is part of the Priority level activity or whether this is SMEs assisted or given advice/information. The precise nature of activity at Priority and Measure level needs to be clarified. The targets in terms of employees assisted, and managers

and owners trained ties to those in Measure 1.4, but note that the numbers of beneficiaries from ESF support is not highlighted in activities at Priority 1 level.

Classification (as per Glossary in Programme Complement)

A = SMEs receiving financial support

B = SMEs assisted (consulting assistance greater than 2 days)

C = SMEs given advice/information (consulting assistance less than 2 days)

D = SME starts (less than 18 months old)

TALLY

Priority 25000 B 6000 B/D

1.1. 2700 A/D 4000 A

1.2. 15000 C/D 1000 B/D 2000 B/D

1.3. 10000 C/D 5170 B/D

1.4. 6330 'firms helped' B?

Results: It is difficult to verify the 36,000 gross new jobs expected. In terms of Measures 1.1, 1.2, 1.3 and 1.4, around 33,700 gross jobs are expected, and results for measure 1.5 are posited in terms of 4,460 jobs accommodated. Also 13,000 gross jobs are expected to be safeguarded at Priority level, but summing up jobs safeguarded in the measures gives a total of 11,740. There is a need for consistent terminology here. The results for Priority level in terms of numbers of female beneficiaries, and beneficiaries gaining a qualification are difficult to tally up from measure level results. But note again from the above that a number of measure level results are simply not tracked in Priority level results.

Impacts: Net additional and safeguarded jobs and net additional SMEs at the priority level are consistent with the measure level impacts.

<i>Table 1. Priority 1 Expanding and Developing the SME Base</i>		
THE BASELINES	Data	Spatial Scale
VAT reg SMEs	71920	W
Employed in SMEs	162160	W WV
VAT reg SMEs	43520	WVW
New VAT regs	3495	WVW
Bus survival rate after 1 year	88.6%	W
SME density per 10K pop	233	WVW
Priority Level Outputs		
Activity	Result	Impact
25K SMEs assisted	36K gross new jobs	18K net addl jobs
6K start-up SMEs assisted	13K gross s/g jobs	6K net addl s/g jobs
30K employees assisted	£90m SME investment	6K net addl SMEs
10K manager/owners trained	33% female benef	
	54% benef gaining qual.	
	6K SMEs receiving fin. support	
Measure Level Outputs		
Measure 1.1. Financial Support for SMEs		
2K new SMEs rec fin. support	11.4K gross new jobs	5.52K net new jobs
4K existing SMEs rec fin support	3.9K gross jobs s/g	1.55K net s/g jobs
0.7K new SMEs rec fin support – special groups	200 SMEs created	£356m net VA in supp.SMEs
	£1.065m inc sales in supp. SMEs	
	£90m Private sector inv. levered	
Measure 1.2.Promoting Entrepreneurship/Inc Birth Rate		
600K targeted by marketing	10.56K gross new jobs	4.02K net addl jobs
15K pot. Entrepreneurs, new/ext SMEs given advice/info	6K new SMEs created	6K net new SMEs
1K new/existing SMEs given asst.	4.2K survival rate new SMEs	
2K new SMEs given asst – special groups	£546m inc sales in supp. SMEs	
Measure 1.3 Dev Competitive SMEs		
10K new/ext SMES rec info/advice	£760m inc sales in SMEs asst	6.06K net new jobs
5.17K new/ext SMEs rec asst.	250 SMEs adopt EMS	2.75K net jobs s/g
	10.84K gross new jobs	£206m net new VA in supp. SMEs
	6.84K gross jobs s/g	
	£143m gross addl tourist spend	
Measure 1.4 Promoting Adaptability and Entrepreneurship		
47.03K benef.	37.624 benefs complete course	0.8K net jobs s/g
30K employees helped	25.396 benefs get qual	0.7K net jobs created
10K managers/owners trained	50% businesses survive after 18m	Increase in start-up enquiries
7.03K benefs get self emp asst.	21.163K women rec supp.	Progress toward nat.edu targets
3.165K trainers trained	7.525K disabled rec supp.	
6.33K firms helped	0.47K ethnic rec supp.	
5K people involved other entre initiatives	500 grads join SMEs	
150 work modernisation projects	0.9K gross jobs created	
5K childcare places	1K gross jobs s/g	
Measure 1.5 Providing Sites and Premises		
180K sqm premises	4.46K jobs accomm (dir+indir)	1.7K jobs created
70hectares land developed		900 jobs s/g
		£195m net VA created

Priority 2 Developing Innovation and the Knowledge Based Economy (see Table 2)

Are the statistical baselines appropriate to reflect the expected activity at Priority level?

Finding monitoring baselines for Priority 2 is particularly difficult given the paucity of published data relating to the innovative capacity of the West Wales and the Valleys economy. One statistical priority given the wider aims of the ERDF and ESF support in this regard is to improve the statistical base in terms of spending on research, development and innovation undertaken by locally based firms.

Other baseline trends which might usefully have been included to inform analysis of whether activities under this Priority are being successful would include:

- Real growth of industrial output of firms in defined high technology sectors, and available from the Annual Business Inquiry.
- Number of science based graduates in the West Wales and the Valleys employment total.

Several trend indicators taken (% of businesses with internet access, % of businesses with website) are based on data that is not regularly published and may require special surveys to be undertaken. On a more cautious note the propensity for businesses to engage in electronic commerce, or have web-sites, is not in and of itself evidence of developing an innovative and knowledge based economy. The uptake of technology reflected in some of the baseline indicators reflects follower-ship as opposed to innovation or creation of new knowledge (i.e. imitation rather than innovation in Schumpeterian terms).

Is there coherence between activities, results and impacts at Priority level?

Generally the results through to the impacts can be linked in economic terms. The activity section provides targets for companies assisted but not for new firm creation which is separated out in the results and impacts.

One of the impacts is in terms of a share of UK R&D expenditure. It would be quite possible for the activities to provide the results in Priority 2, but that the R&D target would not be met because the target is measured as a proportion of UK expenditure. This impact might be better assessed in terms of increases in real expenditure as per the baseline.

Does the type of activity, result or impact expected within the individual measures relate to activity, result or impact under the Priority?

In the majority of cases the activities described under the measures can be related to the Priority 2 aggregate activities. There are a few exceptions to this including:

- Measure 2.2. 300 IT exemplars being created is not fully reflected in Priority 2 activities.
- Measure 2.3 200 collaborative projects, 15 R&D centres, and new floor-space are also not directly reflected in the activity indicators at Priority level.
- Similar conclusions apply to 460 projects supported under Measure 2.4, whilst both activities in Measure 2.5 (12 research institutions and 12 exemplar models of clean energy use) are also difficult to connect to Priority level activity.

On results the majority of measure level metrics can be tied through to Priority 2 aggregate results including jobs, new firms, beneficiaries and patent results. Exceptions include:

- Measure 2.2. £500m in sales supported and 100 communities benefiting from ICT projects.
- Measure 2.3 an increase of £800m in sales in supported firms
- Measure 2.4 500 companies introducing new innovatory techniques
- Measure 2.5 £630m increase in sales in supported firms.

These are each valuable measure-level results from intervention yet are not explicit in Priority level results.

Finally, on impacts the Priority level metrics are posited in terms of jobs, new firm formation and R&D spending whilst several impacts at measure level are assessed in terms of net additions to value added (see Measure 2.2 & 2.3).

Are the ‘measurable’ activities, results and impact under the measures consistent with those for the Priority?

Activities: In Priority 2, 8,000 companies are expected to be assisted (i.e. more than two days consulting support). This is difficult to tally with measure level activity (see boxed section below) although no targets have been set for Measure 2.1 yet which might clarify matters a little further. Another problem is that it is likely that firms will be assisted as part of the creation of 300 IT exemplars (Measure 2.2), 200 collaborative projects and through the 50 environmental technology transfers (Measure 2.3). The 7,000 people gaining higher skills training, and 15,000 employees assisted appears to be consistent, however the latter may exclude managers receiving innovation training under Measure 2.4, many of which are presumably employees.

Classification (as per Glossary in Programme Complement)

- A = SMEs receiving financial support
- B = SMEs assisted (consulting assistance greater than 2 days)
- C = SMEs given advice/information (consulting assistance less than 2 days)
- D = SME starts (less than 18 months old)

TALLY

Priority 8000 B

- 2.2 3000 companies benefiting (A/B/C?)
- 2.3 1000 A, 2000 C
- 2.4 3000 companies helped (A/B/C?)

Results: The main problem appears in the gross new jobs. An estimated 22,000 gross new jobs are expected at Priority level, whereas examination of expected results from the measures indicates around 20,000. On top of this 7,000 jobs are expected in high technology sectors, but examination of the Measure total suggests a total of just 5,000. However, as noted above, no results indicators have yet been set for Priority 2 Measure 1 which might make up for this shortfall.

Impacts: The 7,900 safeguarded jobs is not reconcilable with just under 6,000 jobs expected to be safeguarded under Measure 2.3 and 2.4.

<i>Table 2 Priority 2 Developing Innovation and Knowledge Based Economy</i>		
THE BASELINES	Data	Spatial Scale
Emp+Self Emp in IT occs	1.6%	W
Employers reporting skills gaps and training provisions	18%	WWV
Exp on R&D	£144m	W
H/Hs with personal computer	27% or less	W
% of businesses with internet access	57.8%	W
% of businesses with sales by e-commerce	8%	W
% of businesses with website	43.7%	W
Priority Level Outputs		
Activity	Results	Impacts
15K employees assisted	20 patent developed	11.1K net addl jobs in supp.projects
8K companies asst	54% benefs get qual.	7.9K net s/g jobs
7K people higher skills training	40% of female benefs.	2.5K net addl hi-tec cos
	10.4K gross s/g jobs	2% of UK R&D exp.
	22K gross new jobs	
	5K gross new hi-tec firms	
	7K gross new jobs in hi-tec sectors	
Measure Level Outputs		
MEASURE 2.1. ICT INFRASTRUCTURE		
Under consideration	Under consideration	Under consideration
MEASURE 2.2. STIMULATE AND SUPPORT DEMAND FOR ICT		
1 regional audit of provision	2K gross new hi-tec cos supp.	£176m net addl value added
300 IT exemplars created	£500m inc in sales supp cos	Net emp 3,100 (inc 1500 in hi tec industries)
3K cos benef from ecomm/ICT support	4K gross new jobs	1000 net new hi-tec cos established
	2K gross new jobs in IT sectors	
	2.57K gross jobs s/g	
	100 communities benefiting from ICT projects	
Measure 2.3. Supports for development of Innovation and R&D		
1K cos rec financial support for res, innov, tech purchase	£800m increased sales in supp firms	7.7K net new jobs (inc 2.5K hi tec sectors)
2k cos rec advice R&D	3K gross new hi-tec comps	5.5K net jobs s/g
200 collab projects firms./res insts	20 new patents	1.5K net addl hi tec firms est.
50 firms env. tech transfers	7.23K gross jobs s/g	£137m net new value added
15 R&D, incubator centres	15.6 gross new jobs	R&D exp reached 2% Uk level
30Ksqm floorspace R&D facilities	3K gross new jobs hi-tec sectors	
MEASURE 2.4 SKILLS FOR INNOVATION AND TECHNOLOGY		
15.8K benefs.	12.64K benefs completing	450 net jobs s/g ESF
15K employees helped	8.532K benefs gain quals	300 net jobs created ESF
400 managers innov training	435 projects completed	Progress against national targets.
400 grads begin work in SMEs	500 comps introduce innov. mgl techniques	
3K comps helped	7.11K women receive support	
7K people hi-level skills training	2.528K disabled get support	
460 projects supported	158 people from ethic minorities gain support	
	600 gross jobs s/g	
	400 gross jobs created	
MEASURE 2.5 CLEAN ENERGY SECTOR DEVELOPMENTS		
12 research initiatives	£630m sales increase in supported firms	8 clean energy products/processes marketed
12 exemplar models for clean energy	14 supported projects rolled out to private sector	£240m net value added

Priority 3 Community Economic Regeneration (see Table 3)

Are the statistical baselines appropriate to reflect the expected activity at Priority level?

Due to the nature of the activities undertaken under Priority 3 setting baselines on published material is difficult. However, included under the Priority level results are SME starts, and numbers gaining jobs in the social economy. Some statistics on these factors might be incorporated into the baseline ie. new firm formation in targeted areas, and employees in social economy sectors (whatever these are?). The baselines in the SPD make a male and female split on employment and residents for the Priority, but there is no attempt in the baseline to identify employment of disabled people or ethnic minorities, although employment of people in these groups is supported at Measure level under Priority 3.

Is there coherence between activities, results and impacts at Priority level?

In the activities at Priority level are 8,300 community groups/businesses given advice/assistance. However, in results this activity only links to 1,000 community organisations supported. Another possible problem ties to the use of survival rates for community firms. The impacts are given for 18 months survival which seems at odds with the length of the Objective 1 programme. This aside there could be problems collecting data to monitor survival rates. It is likely a survey would have to be conducted for this purpose.

The results at priority level promise 3,000 gross jobs in the social economy – given the importance of this in the context of the aims of the Priority, it should be considered whether the net jobs/safeguarded jobs in the social economy should also be specified in the impacts. Finally, it is possible that numbers of organisations supported should be an activity as opposed to a result.

Does the type of activity, result or impact expected within the individual measures relate to activity, result or impact under the Priority?

Activities under the Priority are in terms of community groups assisted, community businesses given advice and information, and community owned revenue generating assets. However, the measures include a far more diverse spread of activity. This makes the task of relating measure level activities to aggregate level activities at Priority level difficult. Examples of activities under measures not covered at the aggregate level include:

- Numbers of beneficiaries, beneficiaries receiving training and numbers of capacity building projects (3.1)
- Local people involved in planning development strategies (3.2)
- Number of environmental appraisals, and land based metrics (3.3)
- Development of new premises (3.4)

Results at the aggregate Priority level are specified in terms of community organisations supported, community firms started, gross new jobs and gross jobs safeguarded in the social economy. Once again it is difficult to link from measure back to Priority because at measure level other result classes are specified including:

- Beneficiaries completing courses, participants in development activities (3.1)
- Increases in sales in assisted enterprises (3.4).

The impacts at measure level can be related through to impacts at Priority level. One exception is the population measure in 3.3. which does not tie to anything at Priority level.

Are the ‘measurable’ activities, results and impact under the measures consistent with those for the Priority?

Activities: The 2,600 community groups assisted, 5700 community businesses given advice and information, and 300 community owned income generating assets can be reconciled to measure level activity in 3.1-3.4. However, at Priority level it is 5,700 community businesses given advice/information, and it is not clear whether this refers to assistance (less than 5 days help) or support (more than 5 days – see glossary in Annex B to Programme Complement). In Measure 3.4. the 5700 appears to be in terms of support. This could be clarified.

As highlighted above there seems to be significantly more activity going on in the Measures than is being specified at Priority level. Similar conclusions relate through to results at Priority and measure level.

Impacts: At Priority level some 2,500 net new jobs are expected in the target area. This cannot be reconciled to measure level impacts (i.e. 900 net additional jobs in 3.3.; 1800 net jobs safeguarded in social economy 3.4.; and 160 net new jobs created in 3.4). Finally, the survival rate at priority level is 50% for community firms after 18 months, but in Measure 3.4 it is 50% survival rate in new social enterprises after 24 months.

In conclusion, there is, in Priority 3, a lack of transparency between Priority and Measure level metrics which make reconciliation very difficult. The external reader should be able to go through to the Programme Complement and be able to reconcile activities, results and impact fairly quickly. At present this is not possible. One way of starting to address this problem is to put Priority and Measure level activities, results and impacts into one table before revising the complement. This makes contradictions and discrepancies a little more visible. In the current Programme Complement the metrics are spread over several pages.

Table 3. Priority 3 Community Economic Regeneration		
THE BASELINES	Data	Spatial Scale
Residents	1.87m	WWV
Employment	528,400	WWV
Employment in special target area	247,300	Target
Claimants in target	21,500	Target
Incapacity claimants in target	71,500	Target
SMEs in target	12,650	Target
Priority 3 Outputs		
Activity	Results	Impacts
2.6K comm groups asst	1K comm org projects supp	2.5K net new jobs in target area
5.7K comms businesses given advice/info	600 comm firms started	50% survival rate for comm firms post 18m
300 comm owned revenue generating assets reqd	3K gross new jobs in targeted areas	75% comm-owned facilities in operation after 2 years
	3K gross jobs s/g in social economy	
Measure Level Outputs		
MEASURE 3.1 COMMUNITY ACTION FOR SOCIAL INCLUSION		
7K benefs	5.25K benefs complete courses/activities	75% of activity still ongoing after 2 years
150 capacity building projects	230 comm projects supported	
700 comm groups asst	5K participant in dev acts.	
3.5K benefs rec training	500 comm orgs/groups in dev activity	
3.15K women supported		
1.17K disabled supported		
100 ethic b/g supported		
MEASURE 3.2 PARTNERSHIP AND COMMUNITY CAPACITY BUILDING		
600 comm gps asst	110 comm dev initiatives supported	Linked to activity in 3.3 & 3.4
7.2K local people involved in planning/dev strats, partnerships and comm inits.	82 comm dev initiatives still active after 2 years	
MEASURE 3.3. REGENERATION OF DEPRIVED AREAS THROUGH COMMUNITY LED ACTION		
1.3K comm gps asst	660 comm-led projs supp.	0.9K net addl jobs in targ areas
300 comm services/sust.assets support	200 comm env projs supp.	Population in targ. areas remains unchanged 2000-08
150 inter-agency partnerships/regen inits supp	1.1K gross jobs in supp projs	
200 comm env appraisals		
30ha derelict/contam land improved		
Measure 3.4. Support for the Creation and Development of Businesses in the Social Economy		
15K m2 premises soc enterprises	£187m inc in sales asst enterprises	1800 net jobs s/g in soc economy
5.7K comm ents rec supp.	3K gross jobs s/g in supp enterprises	160 net new jobs created
2.85K comm ents rec supp led by special groups	1.9K gross jobs created in supp enterprises	50% survival rate in new social enterprises after 2yrs.
	600 gross new soc enterprises	
	300 assets owned by supp enterprises	

Priority 4 Developing People (see Table 4)

Are the statistical baselines appropriate to reflect the expected activity at Priority level?

The baselines used for Priority 4 could be related to activities and impacts under this measure. Additions to the baseline indicators might have usefully included:

- Trends in long term unemployment, given that reducing unemployment is an important component of impact under the Priority.
- Activity rates in the area – this should be included given the objective of the Priority and the overarching objectives of the programme.
- Household income.

Is there coherence between activities, results and impacts at Priority level?

There appears to be a coherent linkage between activities, results and priorities under the Priority. Issues include:

- Results are in terms of jobs safeguarded. It would be expected that a Priority of this magnitude would lead to new job creation even although much of the intervention is supply side.
- Impacts are not expressed in terms of each special group benefiting. For example in the activities there are categories for young people, women, disabled and ethnic minorities; in the results the special category is just women; then in impacts it is young people. The special categories should be consistent from activity to result to impact.
- To improve transparency and reconciliation, percentages should be used as little as possible in results and impacts. (Although it is noted that the setting of core indicators in percentage terms is sometimes recommended by the EU – see EC Working Paper 3, Indicators for Monitoring and Evaluation).

Does the type of activity, result or impact expected within the individual measures relate to activity, result or impact under the Priority?

There are a number of activities undertaken at measure level which are difficult to reconcile with the aggregate activity expected at Priority level. These include:

- Improvements in linkages between education and business establishments (4.1)
- Older persons receiving assistance, numbers of capacity building projects, and local development projects under (4.2).
- New learning initiatives, and new network development under (4.3).
- Innovative development projects under (4.5).
- 30 awareness-raising events under 4.6. Also in the case of 4.6 it is assumed that the 15 company level, and 25 sector level studies are all related to the labour market.

Under the results the main problem is that results at Priority level are specified in percentage terms, whilst results under the measures are largely dealt with in terms of numbers. This makes it more difficult to link the results up at the different levels. Finally under results, the establishment of a skills observatory, and the 50 research projects under 4.6, are not highlighted as a Priority result.

Under impacts, the categories are largely consistent. Exceptions are under measure 4.2. i.e. reductions in truancy levels, and increases in student attendance.

Are the ‘measurable’ activities, results and impact under the measures consistent with those for the Priority?

Reconciliation of activities and results was particularly difficult in the case of Priority 4. However, on the basis of a few sample calculations, it does not appear that the numbers add up. One way to get around this problem is to create a spreadsheet of activity and results linking priority to measure. As it stands the use of percentages in the results section does not make reconciliation any easier.

The impacts in terms of jobs safeguarded, and numbers in work within 6 months of receiving ESF support links with measure level impacts. The out of work targets in terms of percentages at Priority level also link through to impacts. However, this is not the case with those in work straight after ESF support where aggregating numbers in the measures brings a shortfall of around 1,000. Finally it is difficult to tie the 20,000 in lifelong learning (post ESF support) to impacts under the individual measures.

<i>Table 4. Priority 4 Developing People</i>		
THE BASELINES	Data	Spatial Scale
Employed	532,424	WWV
Family Credit claimants	32,190	WWV
Claimant count	36,230	WWV
Rates of unemp related benefit claims	4.9%	WWV
Incapacity benefit claimants	145,270	WWV
Working age people in adult learning	27,000	WWV
Av Gross weekly earnings	£295.28	WWV
Priority Level Outputs		
Activity	Results	Impacts
127K benefs	5K jobs s/g	3.5K net jobs s/g
44.45K young people rec asst	75% benefs complete courses/provis	50K in work after ESF support
60% of above before 6m unemp	50% benefs obtain quals	58K in work 6m post ESF support
82.55K adults rec asst	40% in emp at end of provision/course	20K in lifelong learning post ESF support
50% of above before 12m unemp	60% benefs positive outcomes	90% young people in region out of work <6m
57.15K women rec support	85% women positive outcomes	92% unemp adults out of work <12m
21K disabled rec support		
1.5K disabled rec support		
20K childcare places		
50 labour market studies		
MEASURE LEVEL OUTPUTS		
MEASURE 4.1. PREVENTATIVE AND ACTIVE EMPLOYMENT MEASURES		
46.35K benefs, 16.22K young people rec help; 9.732K young rec help <6m unemp; 30.13K adults rec help, 15065K rec. help <12m unemp; 20.85K people on training programmes; 39.4K people job search support; 2.8K people self emp support; 400 businesses/edu ests in attempts to est better links between edu/bus.	31.055K benefs complete courses; 23.175K obtain quals; 27.18K achieve positive outcomes on leaving (30.804K after 6m); 18.54K benefs in work on leaving (21.785K after 6m);	3.5K net jobs s/g 90% young people unemp <6m 92% adults unemp < 12m 18.54K in work post ESF support 22K in work 6m after ESF support (5.5K net of deadweight).
20.86K woman, 7.65K disabled, 560 ethnic rec support.	15.645K women, 4.59K disabled; 336 ethnic gaining positive outcome s on leaving	
6.6K childcare places	5K jobs s/g	
MEASURE 4.2 SOCIAL INCLUSION		
32.38K benefs; 5.34K disabled, 390 ethnic, 14.57K women rec help.	21.695K benefs complete provision; 14.571K gain qual; 4.587K gain part-qual.	11K in work post ESF support; 13.5K (3.375K) in work 6m post ESF (net of deadweight)
Older people rec help, returners, and other getting help with basic skills	Positive outcomes on leaving (and at 6m) 19.428K (21.371K).	33% reduction in truancy levels.

500 capacity building proj; 500 local dev proj; 14.6K benefs get training; 4.6K childcare places	No in work on leaving (and 6m) 11.009K (13.276K).	Inc. in student attendance in sec edu 92% by 203, 95% by 2010.
MEASURE 4.3. LIFELONG LEARNING FOR ALL		
49.5K access advice; 41.27K participant in lifelong learning; 20 env. Learning initiatives; 400 learning initiatives est; 100 networks est; 8.25K people basic skills training; 1.5K trainers trained;	33.016K complete training; 26.235K leavers gain qual; 16.508K leavers gain 1 or more learning credits; 42.075K in work or further learning on leaving; 34.65K in work.more study 6m after leaving	20K net increase in lifelong learning; 16.504K in work after support; 19K in work 6m after support.
24.77K women, 8.17K disabled, 600 ethnic rec support; 4.6K childcare places		Progress national targets.
MEASURE 4.4. IMPROVING THE LEARNING SYSTEM		
Targets and results still all under consideration		
Addl childcare places; learning facilities upgraded/developed. Shared learning facilities created; ICT training facilities created/upgraded, projects to develop new learning materials; projects to upgrade eqmt to meet key sector reqs.	Units of learning accomm upgraded; units of learning accomm with utilisation of space improved; new learners into opportunities; SMEs taking up learning opportunities.	Contributes to impact of priority as a whole via emp/activity rates and influence on skills levels.
MEASURE 4.5. IMPROVING PARTICIPATION OF WOMEN IN LABOUR MARKET		
7.62K benefs; 250 innov/demo projects; 1.15K no undertaking training in under-rep occup; 1.5K training higher level skills/mgmt; 7.239K female benefs; 739 disabled, 76 ethnic rec support; 1.4K childcare places	5.715K completing courses/activities; 6.153K positive outcomes for women; 3.048K unemp benefs in work on leaving (3429 after 6m); 305 benefs gain qual; 27% of parent with children <5 in work for at least 6m after ESF support.	3.048K in work after ESF support; 3.5K in work 6m after ESF support; progress in national targets.
MEASURE 4.6 ANTICIPATION AND ANALYSIS OF SKILLS NEEDS		
15 co. level analyses	50 research projects	Impacts in terms of improving understanding mkt/skills needs.
25 sector studies	Establishment skills observatory	Information to improve training provision
10 labour mkt assessments		
30 awareness raising events		

Priority 5 Rural Development and Sustainable Use of Natural Resources

Are the statistical baselines appropriate to reflect the expected activity at Priority level?

The very wide range of activities (see Table 8.5) covered under this priority would require a much broader range of baseline information. The baselines as set are at an all-Wales level rather than at the rural counties level. Interestingly Measure 5.9 (Support for fisheries) has its own set of baselines and this approach would have been useful also in activities such as Measure 5.3 (Forestry).

The baselines might better assess the success of activity under the Priority if they were to include:

- A measure of average farm incomes in rural areas which is noted as a parameter of impact at the priority level
- Employment in food processing should be in the baseline and is available from the ABI. Employment in food processing is an associated impact at Priority level
- Total employment in rural areas (defined at unitary authority level perhaps)

- Some woodland coverage and forestry indicators: data is available from the Forestry Commission on areas under woodland (conifer, broad-leaved etc), and on timber production (through the Sawmill Survey and Forest Employment Survey).

The existing five baselines include farm holdings numbers, and VAT based agricultural businesses. Given an emphasis on improving efficiency across several of the measures it may be that a decrease in numbers of farm holdings, and a smaller number of larger more efficient farm holdings could be an indicator of success. On another issue employment in farm holdings as reported may exclude numbers of self employment and hidden economic activity.

Is there coherence between activities, results and impacts at Priority level?

At Priority level there seems to be coherence between activities, results and impacts. One issue is the relationship between projects with an environmental element. This is not really picked up under results or impacts. At the same time it is likely that this contributes to the Environment cross-cutting theme.

Does the type of activity, result or impact expected within the individual measures relate to activity, result or impact under the Priority?

There would appear to be a large number of difficulties here given the divergent activities supported under the Priority. The activities at Priority level are posited in terms of SME assistance, and numbers of environmental schemes. It is then difficult to relate the following measure level activities to aggregate activity under the Priority:

- Projects supported, for example in Measure 5.1 – are we to assume these are environmental schemes?
- In measure 5.2. participants trained and numbers of women trained.
- In measure 5.3 forestry management schemes – i.e. are these environmental schemes or solely commercial projects.
- In measure 5.4. technical and business advice activities, and agricultural diversification.
- In measure 5.6 marketing events, and presence of new local facilities.
- In measure 5.8 300km of river habitat – it is not clear how many environmental schemes this represents, and also whether a visitor initiative is an environmental scheme at Priority level.

In conclusion, it would be very difficult with this Priority to match the aggregate activity indicators with what is expected to occur under the measures.

The results at Priority level are set up in terms of gross new jobs and gross new firms in rural areas. The results expected under the measures are far more extensive and include categories for jobs safeguarded (e.g. 5.1 and others); people completing courses (5.2); results in terms of hectares of woodland, managed access, and water buffer zones (5.3 & 5.5); numbers of partnerships (5.4); businesses operating more efficiently (5.5); and tonnes of fish sales (5.9). Then the Priority level expected results will under-represent the expected results at the measure level.

Similar conclusions apply to impacts where items such as people adopting new practices (5.2), metrics on hectares of woodland etc (5.3), net value added (5.6) and numbers of land managers assisted (5.7) are not highlighted as Priority level impacts.

Are the ‘measurable’ activities, results and impact under the measures consistent with those for the Priority?

Activities: These are in terms of 15,000 SMEs assisted, 4,000 start-up SMEs assisted, and 1,530 environmental schemes. In each of these cases it is very difficult to link the Priority level activity with what is expected at Measure level. The boxed section below highlights the classification problems with SME support across the measures. While at Priority level the target is SMEs assisted (more than 2 days of support), at measure level it is a mixture of firms given advice/information (less than 2 days) and assistance. Also in 5.1. it is unclear whether the 11,000 primary producers involved in support projects relates to assistance or advice. It is also unclear whether the 1050 agricultural holdings supported under Measure 5.5. should be included within the SMEs assisted total. Importantly the terminology employed at measure level should match with the language at Priority level. For example, are woodland timber businesses, and agricultural holding supported classed as SMEs assisted, advised etc? Some of the terminology does not match up with that in the glossary of terms in Annex 2 of the Programme Complement. Consequently, the reader really has to guess the precise nature and time-scale of support offered under some of the measures.

Classification (as per Glossary in Programme Complement)

A = SMEs receiving financial support

B = SMEs assisted (consulting assistance greater than 2 days)

C = SMEs given advice/information (consulting assistance less than 2 days)

D = SME starts (less than 18 months old)

TALLY

Priority 15,000 B, 4,000 B/D

5.1. 11,000 B? 1,000 B/D?

5.3. 50 B?

5.4. 500 B

5.5. 300 B/D? 1,050 B?

5.6. 3,950 C 1,700 C/D

Difficulties also apply to the 1,530 environmental schemes. Running through measures 5.1-5.8 it could be argued that there are 1,735 items that might be loosely described as an environmental scheme. Once again if the term environmental scheme is used at priority level, than at measure level it is necessary to clarify which targets are environmental schemes.

Results: The results at Priority level are in terms of 9,900 gross new jobs, 1,500 gross new jobs in food processing and 3,500 gross new firms in rural areas. The latter two results can be obtained by summing measure level results. The 9,900 gross new jobs is more difficult to verify. Once again terminology differs through the measures, but it appears that the measures promise 7,900 gross new jobs, and over 13,000 safeguarded jobs. It would be useful if the measure level results were specified in terms of gross new jobs.

Impacts: Similar problems apply with quantification of impacts. It is difficult to tally 4,900 net jobs created (summing across measures suggests 3,800 net jobs, and 9,300 net safeguarded), or the 2,000 net new firms in rural areas (summing from measures 5.1, 5.5, 5.6 and 5.4 suggests 2,190 net firms). The £2500 increase in average farm incomes is also difficult to tie to measure impacts. The 1000 net jobs in food processing is consistent between Priority and measure.

As mentioned previously, it is not easy for the external observer to make the numerical connections between measure and priority. This factor will also make monitoring extremely difficult. For Priority 5, for transparency purposes, measure outcomes in the Programme Complement should be specified in terms in which can be related to Priority outcomes. Other outcomes, however worthy, should be noted in an Appendix.

<i>Table 5 Priority 5 Rural Development & Sustainable Use of Natural Resources</i>		
THE BASELINES EX 5.9	Data	Spatial Scale
VAT based ag businesses	10005	W
Farm holding no.	18925	W
Employed on farm holdings	32849	W
Employment in ag, for, fish	20325	W
VAT reg SMEs	43520	W
Priority Level Outputs		
Activity	Results	Impacts
15K SMEs asst.	9.9K gross new jobs	4.9K net jobs created
4K start-up SMEs asst.	1.5K gross new jobs food proc	1K net jobs food proc.
1.53K env schemes supp.	3.5K gross new firms in rural areas	2K net new firms in rural areas
		£2500 inc. in av.farm incomes from non-farming sources
MEASURE LEVEL OUTPUTS		
MEASURE 5.1. PROCESSING AND MARKETING OF AGRICULTURAL PRODUCTS		
63 projs supported	1.5K gross new jobs in food proc.	1K new jobs food proc
15 projects with env. element	3.6K gross jobs s/g	2.4K net s/g jobs
11K primary producers involved in supp. Projects	1.5K gross new comps in rural area	810 net addl firms in rural areas
1.5K start-up SMEs supp.		
MEASURE 5.2 TRAINING SERVICES TO HELP FARMING ADAPTATION AND DIVERSIFICATION		
1.7K participant trained	6K gross jobs s/g	400 net jobs created
340 women trained	0.8K gross new jobs	4K net jobs s/g
25 agric training schemes promoting env good practice	1.275K people completing courses etc.	875 people adopting sust agric practices
MEASURE 5.3 FORESTRY		
995 addl wood mgmt schemes	10K ha woods brought into sust dev.	10K ha woods brought into sust dev.
25 new community woodlands	300 ha new community woods	50Ha new community woodland per year
200 woodland schemes with community participation	4000ha of woodlands benefiting from comm participation	665ha of woodland for comm benefit
50 woodland/timber businesses helped	400 wood/timber related jobs s/g	300 net jobs s/g
MEASURE 5.4 PROMOTING ADAPTATION AND DEVELOPMENT OF RURAL AREAS		
48 comm-led projs enhancing services; 22 comm-led projs aimed at village dev; 48 comm-led projs encouraging tourism/craft inds	118 new/extant comm.partnerships supported;	150 net addl jobs created
500 SMEs asst	400 gross new businesses in rural areas	100 net jobs s/g
10 initiatives assisting special groups	300 gross jobs created	420 net new firms in rural areas
6 tech/bus advice schemes	130 gross jobs s/g	
3 agric diversification schemes		
MEASURE 5.5. INVESTMENT IN AGRICULTURAL HOLDINGS		
1.05K agric holdings supported	500 businesses operating more eff.	580 net jobs created
300 new SMEs supported	270 gross new firms in rural	1.5K net jobs s/g
	1.8K gross jobs s/g	190 net new firms rural areas
	1.4K gross jobs created	
MEASURE 5.6 PROMOTING LOCAL ECONOMIC DEVELOPMENT		
3.95K existing SMEs benefiting from advice etc	4.5K gross jobs created	1.74K net addl jobs created
1.7K new SMEs benefiting from advice	0.99K gross jobs s/g	0.75K net s/g jobs

etc		
30 marketing events	1.33K gross new firms in region	£63m net VA
20 local facilities improved		770 net addl firms located in the area
MEASURE 5.7 A SUSTAINABLE COUNTRYSIDE		
50 access mgmt projs	1100km managed access	750 land managers helped to manage access
150 land mgmt projs	6000ha under sust mgmt	500 land managers bringing land into sust mgmt
100 resource mgmt projs	1000km trad boundary created/renovated	250 land managers managing water courses
	750 land managers adopting pollution/waste mgmt systems	350 net jobs created in countryside management
	1000 land managers adopting energy eff and conservation measures	
	75ha water course buffer zones	
Measure 5.8 Support for Recreational Opportunities and Management of Natural Environment		
25 coastland mgmt schemes	770 gross new jobs	580 net new jobs
300km river habitat improved	330 gross s/g jobs	250 net jobs s/g
50 visitor initiatives		
100 inland fishery projs		
Measure 5.9 Support for Fisheries and Aquaculture (note diff baselines)		
10 boats upgraded, 6 boats decommissioned, 3 fishing ports improved, 6 aquatic dev projs; 6 new processing units; 2 processing units improved; 1 marketing establishment improved; 2 marketing/sales campaigns; 2 quality initiatives	70 direct jobs s/g; 130 direct jobs created; 1,423 tonnes sales s/g; 37,268 addl tonnes of sales.	

Priority 6 Strategic Infrastructure Development

Are the statistical baselines appropriate to reflect the expected activity at Priority level?

The baseline statistics that have been set for Priority 6 (see Table 6) are very unimaginative, and would be influenced by a large number of variables. It would be difficult to tie the success of intervention under Priority 6 to any of these statistics. Baselines here would be available for Wales in terms of volumes of private traffic, production of energy from renewables, carbon dioxide emissions, and numbers of people using public transport. The baselines need to incorporate these type of factors.

Is there coherence between activities, results and impacts at Priority level?

The activities, results and impacts at the overall Priority level are fairly coherent.

Does the type of activity, result or impact expected within the individual measures relate to activity, result or impact under the Priority?

There are 11 separate types of activity under the four measures in the Priority, yet just 3 feature at the Priority level. Then the activity indicators stated at the Priority level i.e. sites supported, new inter-modal facilities and public transport links give a very poor idea of what is being undertaken within the measures.

Results at the Priority level are posited in terms of jobs and provides a poor indication of what might be expected from the individual measures, including increases in direct investment, and new users connected to energy networks. Several of the other results might justifiably be linked to the Environment cross-cutting theme.

Finally the impacts at Priority level are stated solely in terms of net additional jobs (7,000). This again provides a poor indication of activity at measure level – for example increases in value added and over 5,000 safeguarded expected in Measure 6.3. Most of the other impacts might again be more tightly related to the Environment cross-cutting theme.

Are the ‘measurable’ activities, results and impact under the measures consistent with those for the Priority?

The activities, results and impacts at the Priority level can be traced through to the individual measures. The one problem relates to the 14,100 gross jobs created and 10,000 gross jobs safeguarded. While the aggregate jobs created and safeguarded by the measure sums up to 24,100, it is unclear how the 23,720 jobs ‘accommodated’ in Measure 6.3 relate to gross, new, created, or safeguarded categories. Under Measure 6.1. the nature of results are still under consideration. It is possible that once completed this might clarify the above issue in part.

<i>Table 6 Priority 6 Strategic Infrastructure Development</i>		
THE BASELINES	Data	Spatial Scale
Employed	532424	WWV
Claimants	36230	WWV
Claimant rate	4.9%	WWV
Priority Level Outputs		
Activity	Results	Impacts
10 new sites supported	14.1K gross jobs created	7K net addl jobs
5 inter-modal facilities provided/improved	10K gross jobs s/g	
4 public transport links provided/improved		
Measure Level Outputs		
MEASURE 6.1 ACCESSIBILITY AND TRANSPORT		
15km routes built/upgrade	Under consideration but no of users a possibility	Under consideration but expected in terms
4 public trans links provided improved		Net employment created/s/g
5 intermodal facilities provided improved		Reduction in private car traffic
		Increase of 30% passenger journeys by public transport
		Journey time savings
MEASURE 6.2. ENERGY INFRASTRUCTURE		
8 new plants assisted	20K new users connected	5% regional energy from renewables by 2008
	130 gross new jobs	%MW produced from wood
		Reduction in CO2 emissions
		100 net new jobs created
Measure 6.3 Strategic Employment Sites		
300K m2 floorspace	£14m direct investment in supported sites	6.73K net new jobs created
212ha land developed	23.72K jobs accommodated	5K net s/g jobs
10 new sites supported		£310m net added value
Measure 6.4 Environmental Infrastructure		
80ha land rehabilitated	80K tones reduction in waste to landfill	170 net jobs created
25 mine-water treatment schemes	1K properties see floodrisk reduced	310K tonne capacity improvements in waste recovery etc
8 water efficiency schemes	230,000 tonnes of waste recycled	310K tonne capacity improvement in market for recyclables
12 flood defence schemes etc	250 gross jobs created	

Conclusions

Within the Programme Complement it is sometimes difficult to trace activities at Priority level with those at Measure level. This might be credited to the fact that Priority level indicators of activities, results and impacts set in the SPD are too simplistic to identify reasonable outcomes by measure.

As noted at the start of this Appendix it is not an EU requirement that activities, results and impacts at measure level map exactly onto those at Priority level as found in the SPD. At the same time whilst the regional authority is sometimes justifiably required to specify a wider series of performance metrics in the Programme Complement and subsequent offer letters, this same multiplication of activity and results metrics can create confusion, and make assessment of the effectiveness of interventions more difficult. In particular, the multiplication of output metrics in the Programme Complement appears to have occurred with costs in terms of inconsistency of terminology, and in terms of tallying measure level outputs to those expected at Priority level.

APPENDIX 4: AN ANALYSIS OF THE AGGREGATE DATA ON PROGRESS IN IMPLEMENTING THE OBJECTIVE 1 PROGRAMME

In this paper, we examine the progress in implementing the Programme in terms of:

- Projects approved (Section 1)
- Financial commitment and spend (Section 2)
- Activity and Results indicators (Section 3)

The aggregate data underlying the analysis has been provided by WEFO as at 31st. March 2003.

1. Projects Approved

Table 1 demonstrates that there have been relatively few projects completed to date (which is unsurprising as projects are typically undertaken over a 2-3 year period). As at 31st March 2003, there were 37 projects that had been completed. A large proportion of completions were under Priority 4 Developing People and related to ESF, with a further 9 falling under Technical Assistance (Priority 7). Outside Priorities 4 and 7, there had been just 10 other reported completions.

Table 1: Completed Projects

Fund	EAGGF	ERDF	ESF	FIFG	Total			
	3	14	20	0	37			
Priority	1	2	3	4	5	6	7	Total
	2	2	2	18	4	0	9	37

A better statement of progress in terms of projects is given in Table 2 which shows the current status of applications (i.e. including projects approved, currently underway/completed and provides information on numbers of unsuccessful applications).

In total, a total of 1,188 applications have been received by WEFO of which around two-thirds have been successful. Of this total 53% have been applications for ERDF funding, and with 40% for ESF grants. Some 72% of applications have been made under Priorities 1, 3 and 4.

A total of 651 projects are currently underway or completed, and half of these are ERDF funded. Comparison between the number of projects by Priority and the funds allocated to projects under these priorities shows that:

- Priority 4 accounts for a somewhat larger proportion of projects underway (37.3%) than of Programme budget (25%), suggesting both more rapid progress and the smaller size of ESF projects.
- Priority 1 accounts for just under 25% of the grant allocation under the programme, and currently includes just over 20% of the projects.

- Priority 6 (Strategic Infrastructure) has very few projects underway, albeit with some expectation that this Priority will feature fewer larger projects.

Table 2 Status of Applications: Currently Underway, Approved (but not yet started) or Unsuccessful

			FUND				
	Obj 1		EAGGF	ERDF	ESF	FIFG	
Total applications	1188		70	626	479	13	
of which							
Completed/currently underway	651		39	325	283	4	
Approved but not yet started	115		6	67	40	2	
Unsuccessful	422		25	234	156	7	
<i>Unsuccessful/total</i>	<i>35.52</i>		<i>35.71</i>	<i>37.38</i>	<i>32.57</i>	<i>53.85</i>	
	PRIORITY						
	1	2	3	4	5	6	7
Total applications	224	97	213	422	156	35	41
of which							
Completed/currently underway	131	61	97	243	79	8	32
Approved but not yet started	22	15	22	30	18	3	5
Unsuccessful	71	21	94	149	59	24	4
<i>Unsuccessful/total</i>	<i>31.70</i>	<i>21.65</i>	<i>44.13</i>	<i>35.31</i>	<i>37.82</i>	<i>68.57</i>	<i>9.76</i>

According to the data, there have been a total of 422 unsuccessful applications⁸ for structural funding. There is strong variation in the ratio of unsuccessful to total applications at the Priority level (although care needs to be taken since some applications recorded as unsuccessful may later have been re-submitted in different form and approved):

- In the case of Priority 7, just 9.8% of applications have been unsuccessful.
- For Priority 2 this figure increases to 21.6%.
- For Priorities 1, 3, 4 and 5 the percentage ranges from 31.7% to 44.1%.
- For Priority 6, the “failure rate” is 68.6%: this reflects the fact that significant numbers of projects were rejected under Priority 6 in the early stages of the Programme because appropriate strategies were not in place.

These results are somewhat surprising in view of the insistence of several partnerships from which we requested information on “failed” projects that they were unaware of any of the proposals which had reached full proforma stage having failed

⁸ Projects which appear on the WEFO EFMS database but are then not approved are ones which will have been through the early stages, i.e. they will have been worked up as a project and passed certain stages such as approval in principle by a partnership. They might have got to the appraisal team but will have subsequently failed. However, in some cases where projects have made it to the WEFO appraisal stage, those projects will eventually be approved or else taken forward in a different form, so may appear on the system as another project. A project which does not pass the sponsorship and partnership stage will not make it to the EFMS data system.

Table 3 provides an analysis of projects underway or completed by the type of applicant. It is important to note here that this classification is necessarily by the main applicant and disregards the fact that a significant proportion of applications will actually involve more than one type of applicant in delivery.

Table 3 Total Projects by Type of Applicant

	Obj 1		EAGGF	ERDF	ESF	FIFG
Total Projects	651		39	325	283	4
<i>Applicant Type</i>		%	%	%	%	%
ASPB	43	6.6	12.8	7.7	4.6	
Community Council - (LA)	4	0.6		0.3	1.1	
Government Agency	0	0.0		0.0		
Government Department	9	1.4	7.7	0.9	1.1	
HE/FE Institution	142	21.8	2.6	11.1	37.1	
Local Authority	155	23.8	30.8	35.1	9.9	25.0
National Park Authority	1	0.2	2.6			
National Training Bodies/Associations	2	0.3			0.7	
Other Public Body	6	0.9	2.6		1.8	
Port Authority	3	0.5		0.9		
Private (Non Profit Making)	83	12.7	15.4	17.2	7.1	25.0
Private (Profit Making)	34	5.2		3.4	7.4	50.0
Trade Union	1	0.2			0.4	
Voluntary/Community Organisation	168	25.8	25.6	23.4	29.0	
Total	651	100.0	100.0	100.0	100.0	100.0

As the Table and further analysis by Priority shows:

- The main applicant categories are higher/further education institutions, local authorities, and voluntary/community organisations. Together these applicant types made up 71.4% of projects completed or underway.
- As would be expected, of the 142 projects completed or currently underway with education institutions 73.9% involve ESF-based projects (including 67 projects in ESF funded elements of Priority 4 Developing People). Education institutions account for 37.1% of total ESF projects completed or currently underway.
- In the case of local authorities, there is much a greater focus on ERDF funded measures i.e. 114 of the 155 local authority projects completed or currently underway (73.6%). Consequently local authority successful applications in terms of project numbers are more evenly spread across the priorities and measures. Local authorities accounted for 35.1% of the projects completed or currently underway under ERDF, and 30.8% under EAGGF, but just 9.9% under ESF.

- The remaining large group of projects underway and completed is from the community and voluntary sector i.e. 25.8% of the total. Here there is an even distribution between ESF and ERDF funded activity (82 and 76 projects respectively). As expected a large number of projects here (57) fall under Priority 3 Community Regeneration, but the representation in Priority 4 Developing People is also significant at 78 projects.
- The private sector accounts for a low percentage of applications, although this is in line with previous UK Structural Funds programmes and the expectation that most support to SMEs should be channelled through public sector intermediaries. In total the private sector (profit and non-profit) are the main applicants on just 17.9% of projects. The private profit making sector accounts for only 5.2% of projects currently underway or completed. One third of the private profit making sector (11 projects) are in Priority 1, Measure 4 Entrepreneurship.

Table 4 (overleaf) provides information on projects completed or currently underway by location of the main applicant. Care is needed in the interpretation of this table as it is perfectly legitimate under the Programme for applicant organisations to be located outside the eligible area, provided the activities clearly provide services within the area. The location of the applicant could be a poor indication of the location of the activity i.e. particularly where the applicant is outwith the Objective 1 area.

However, it is notable that a significant proportion of projects underway or completed (20%) have the main applicant based outside of the Objective 1 area, with the majority of these are from applicants based in the Cardiff UA area. In part this relates to applications from the HE sector in Cardiff, and other large institutions with a regional as opposed to local remit.

In overall terms the distribution of projects by UA area is a function of size and institutional base. For example larger UA areas such as Rhondda Cynon Taff (RCT) and Swansea account for 96 and 81 projects respectively, whereas smaller areas such as Conwy and Merthyr account for 30 and 10 projects respectively. The stronger showing of RCT and Swansea is also a reflection of their FE/HE base. A total of 44 of the RCT projects are under Priority 4 Developing People (Swansea, 41 projects).

In summary, some 43.3% of total projects underway or completed are from applicants in 3 UA areas – Cardiff, Swansea and RCT. Projects from applicants in these three areas account for 47.4% of projects under Priority 1, 46% of projects under Priority 2 and 51% of projects under Priority 4. In the case of Priority 3, 48% of applications come from applicants based in the three local authority areas of Carmarthen, Swansea and RCT, while for Priority 5, shows a lower concentration of applicants, with the three best-represented areas (Pembroke, Carmarthen, Ceredigion) accounting for 42% of the total projects. The strong presence of Cardiff, RCT and Swansea applicants will be of some concern if activity (as proxied by spending) is also heavily focused into these areas.

As expected EAGGF projects are focused on applicants in more rural areas in West and North West Wales i.e. 33.4% of EAGGF projects in Ceredigion, Pembrokeshire and Carmarthenshire, and 28.2% in Gwynedd, Anglesey, and Conwy.

Table 4: total projects by location of applicant

	Obj 1		Fund				Priority						
			EAGGF	ERDF	ESF	FIFG	1	2	3	4	5	6	7
Total Projects	651		39	325	283	4	131	61	97	243	79	8	32
UA		%	%	%	%	%	%	%	%	%	%	%	%
Anglesey	14	2.2	5.1	2.8	0.7	25.0	1.5	0.0	2.1	0.8	6.3	12.5	6.3
Blaenau Gwent	20	3.1	0.0	4.9	1.4	0.0	3.8	1.6	8.2	1.6	0.0	0.0	6.3
Bridgend	20	3.1	0.0	4.0	2.5	0.0	3.1	3.3	4.1	3.3	0.0	0.0	6.3
Caerphilly	26	4.0	2.6	4.9	3.2	0.0	5.3	4.9	4.1	3.3	1.3	12.5	6.3
Cardiff	105	16.1	15.4	14.8	18.0	0.0	25.2	18.0	8.2	16.5	10.1	25.0	9.4
Carmarthenshire	37	5.7	10.3	8.3	2.1	0.0	0.8	9.8	13.4	1.6	13.9	0.0	6.3
Ceredigion	29	4.5	12.8	4.9	2.8	0.0	2.3	4.9	2.1	2.9	12.7	0.0	12.5
Conwy	30	4.6	12.8	4.3	3.9	0.0	3.1	0.0	1.0	4.9	10.1	12.5	12.5
Denbighshire	24	3.7	5.1	5.2	1.8	0.0	5.3	0.0	3.1	2.1	8.9	0.0	6.3
Flintshire	1	0.2	0.0	0.3	0.0	0.0	0.0	1.6	0.0	0.0	0.0	0.0	0.0
Gwynedd	42	6.5	10.3	5.2	7.4	0.0	6.9	9.8	2.1	6.6	10.1	0.0	3.1
Merthyr Tydfil	10	1.5	0.0	1.8	1.4	0.0	0.0	0.0	4.1	1.6	0.0	0.0	6.3
Monmouthshire	7	1.1	0.0	0.3	2.1	0.0	0.8	1.6	0.0	2.1	0.0	0.0	0.0
Neath Port Talbot	27	4.1	0.0	4.6	3.9	25.0	8.4	3.3	0.0	4.9	1.3	0.0	3.1
Newport	5	0.8	0.0	1.2	0.4	0.0	0.0	0.0	4.1	0.4	0.0	0.0	0.0
Not in Wales	11	1.7	7.7	0.3	2.1	25.0	0.8	1.6	0.0	2.1	5.1	0.0	0.0
Pembrokeshire	49	7.5	10.3	7.4	7.1	25.0	7.6	9.8	3.1	7.0	15.2	12.5	0.0
Powys	1	0.2	0.0	0.0	0.4	0.0	0.8	0.0	0.0	0.0	0.0	0.0	0.0
Rhondda Cynon Taf	96	14.7	0.0	12.9	19.1	0.0	13.0	11.5	26.8	18.1	1.3	0.0	3.1
Swansea	81	12.4	2.6	9.5	17.3	0.0	9.2	16.4	13.4	16.9	1.3	25.0	6.3
Torfaen	16	2.5	5.1	2.2	2.5	0.0	2.3	1.6	0.0	3.3	2.5	0.0	6.3
Vale of Glamorgan	0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Wrexham	0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total	651	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Table 5 summarises the size profile of projects underway or completed. It is important to recognise here that the table refers to the size of the grant rather than the project, with the match-funding element varying by each project.

The largest number of projects underway or completed have applied for grants in a range from £50,000 to £0.5m. The actual distribution by size varies little by fund or priority (excepting priorities 6 and 7, where in the former case larger infrastructure projects are the norm, and in the latter case where there are very few projects where grants of over £0.5m have been committed).

Table 5: Total Projects by Size of Grant

			FUND				
	Obj 1		EAGGF	ERDF	ESF	FIFG	
Total Projects	653		39	325	285	4	
By Size of Grant		%	%	%	%	%	
<£25k	18	2.76	7.69	2.15	2.46	25.00	
£26k - £50k	55	8.42	7.69	7.69	9.47		
£51k - £100k	117	17.92	17.95	16.62	19.65		
£101k - £200k	124	18.99	20.51	17.54	20.70		
£201k - £500k	180	27.57	25.64	29.23	26.32		
£501 - £1000k	72	11.03	2.56	11.69	10.88	50.00	
£1001 - £2000k	47	7.20	12.82	7.38	6.32		
>£2000k	40	6.13	5.13	7.69	4.21	25.00	
Total	653	100.00	100.00	100.00	100.00	100.00	
	PRIORITY						
	1	2	3	4	5	6	7
Total Projects	131	61	97	245	79	8	32
By Size of Grant	%	%	%	%	%	%	%
<£25k	1.53	3.28	2.06	2.45	7.59	0.00	0.00
£26k - £50k	9.16	1.64	8.25	10.61	7.59	0.00	6.25
£51k - £100k	16.03	18.03	25.77	18.37	12.66	0.00	15.63
£101k - £200k	16.79	9.84	21.65	20.00	22.78	0.00	25.00
£201k - £500k	24.43	29.51	28.87	25.71	26.58	25.00	50.00
£501 - £1000k	12.98	13.11	9.28	10.61	11.39	25.00	3.13
£1001 - £2000k	7.63	11.48	4.12	7.35	7.59	25.00	0.00
>£2000k	11.45	13.11	0.00	4.90	3.80	25.00	0.00
Total	100.00	100.00	100.00	100.00	100.00	100.00	100.00

Points to note include that:

- There have been a total of 87 projects (13.3%) completed or currently underway where grants are expected to exceed £1m., with particularly strong representation of these large projects in Priority 2 (24% of projects) and Priority 6 (50% though of only 8 projects).
- At the other end of the scale just 18 grants have been awarded for less than £25,000. A large number of these involve the EAGGF fund and Priority 5 Rural Development.

Table 6 summarises total projects approved (i.e. includes projects completed, underway, and approved but not yet started) by duration. The table reveals that:

- The vast majority (over 75%) of projects have a duration exceeding 2 years.
- This percentage is fairly uniform across the funds and priorities – the figures for ESF reflecting that the move to multi-annual approvals has become the norm in recent years. Exceptions are projects under FIFG, and Priority 6, where the shorter predicted duration reflects the dominance of capital projects.
- Only 4.8% of projects have a planned duration of less than one year.

Table 6 Total Projects Approved by Planned Duration

			FUND				
	Obj 1		EAGGF	ERDF	ESF	FIFG	
Total	791		45	395	345	6	
Average Duration		%	%	%	%	%	
<25 weeks	13	1.64	4.44	2.53		16.67	
25 – 50 weeks	25	3.16	6.67	4.56	0.87	16.67	
50 - 100 weeks	149	18.84	17.78	15.70	22.32	33.33	
100 - 150 weeks	349	44.12	24.44	27.34	66.38	16.67	
>150 weeks	255	32.24	46.67	49.87	10.43	16.67	
Total	791	100.00	100.00	100.00	100.00	100.00	
	PRIORITY						
	1	2	3	4	5	6	7
Total	159	78	118	289	98	11	38
Average Duration	%	%	%	%	%	%	%
<25 weeks	1.26	1.28	1.69	0.35	4.08	18.18	2.63
25 – 50 weeks	1.89	2.56	4.24	2.42	5.10	18.18	2.63
50 - 100 weeks	15.09	12.82	12.71	23.53	22.45	36.36	15.79
100 - 150 weeks	42.77	37.18	35.59	60.21	25.51	0.00	28.95
>150 weeks	38.99	46.15	45.76	13.49	42.86	27.27	50.00
Total	100.00	100.00	100.00	100.00	100.00	100.00	100.00

2. Progress Towards Financial Commitment and Spend

Data for financial progress can be considered both from the perspective of the commitment and actual spend of grant monies and from the perspective of total project costs (both grant and match funding). Progress in terms of spending is one crude, but vital, parameter of programme progress.

It is important to distinguish between actual spending (in the case of grant, money actually paid out to projects) and commitment (legally-binding offers of grants to projects subject to the project being carried out). At the Mid-term evaluation stage, actual expenditure of grants is expected to be fairly low, as few projects will have reached the completion stage, and even those that have may not have submitted final claims. Data on financial commitment gives an important indication of likely future actual spend, but it is important to recognise that projects cannot receive more grant than they have been offered, but may underspend, so that figures on financial commitments represent a maximum of funding.

Spend

The actual spend of structural funds as at 31st. March 2003 was an estimated £182.5m, this representing just under 16% of the total structural funds allocated to the West Wales and the Valleys programme (i.e. £1.144bn). This is shown in Table 7 broken down by Priority and Fund.

Within this headline figure:

- The largest actual spend relates to the ERDF fund (£93.3m) although spending of this fund was only 13.5% of the budgeted ERDF for the programme. To some extent, however, spend figures for ERDF are influenced by the fact that the entire commitment to Finance Wales has, in accordance with European Commission rules, been counted as “spent”, since it is a one-off contribution to a revolving fund: this does not reflect disbursement to the individual SMEs who are expected to benefit.
- In the case of ESF, £78.2m has been spent i.e. 21.4% of the 2000-06 allocation. Taking into account the issues surrounding Finance Wales, expenditure on ESF is significantly in advance of the other funds.
- Of the actual spend of £182.5m, the majority (73.4% of the total) has been on projects in Priorities 1 and 4 and in both cases actual spending to date has already exceeded one fifth of the total structural funds budgeted (although in Priority 1, this falls to 13% if Priority 1, Measure 1, which includes the allocations to Finance Wales, is excluded).
- In the remaining Priorities the proportion of actual spend to budget over the whole of the programme is much lower. For example, in Priorities 2 and 5 just 11% of the Priority budget has been spent, In Priority 3 this figure falls to 8.9%, and to just 1.6% in the case of Priority 6 (Strategic Infrastructure).

Table 7 Actual Structural Fund Spending, Fund and Priority, £m

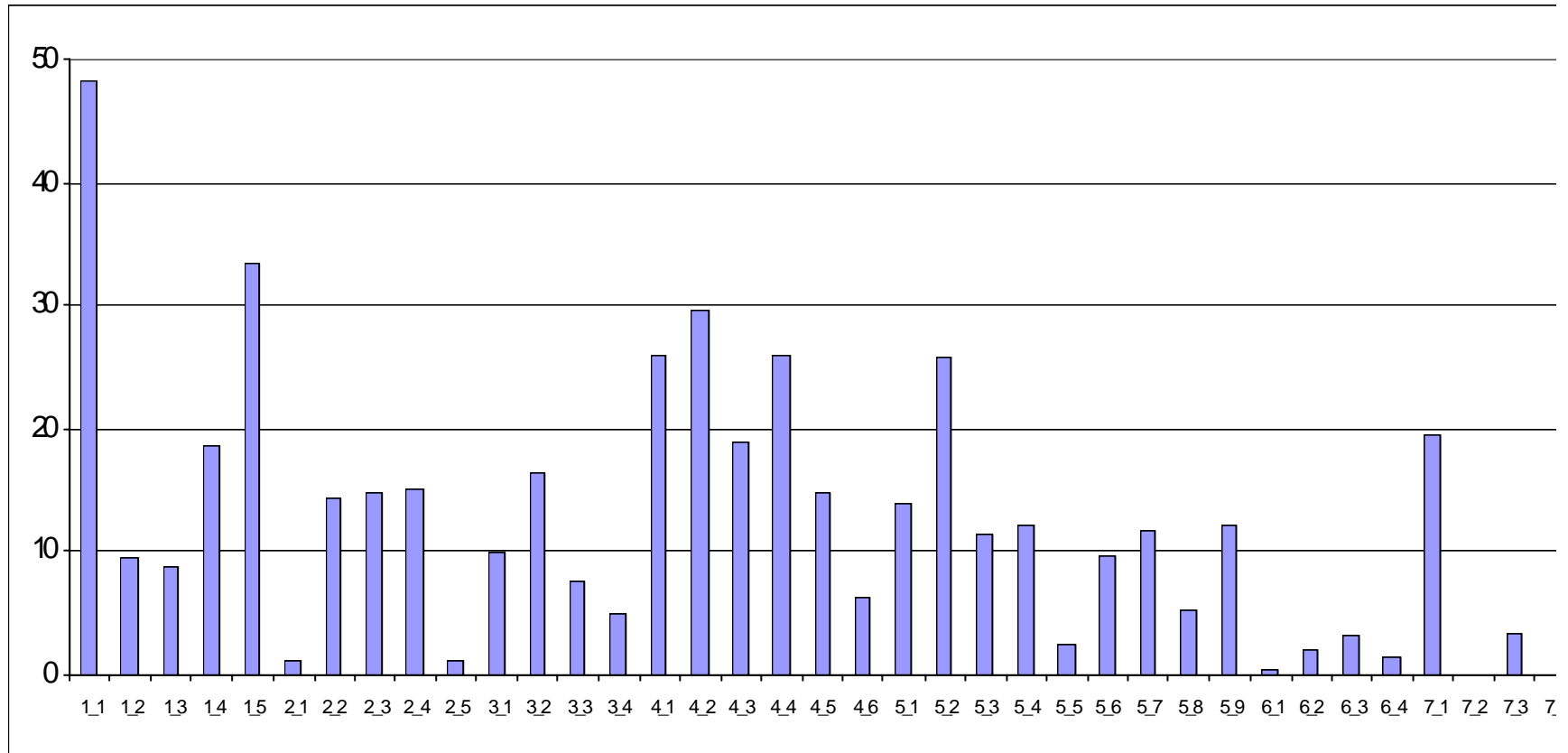
Fund	EAGGF	ERDF	ESF	FIFG	Total			
Commitment	9.94	93.27	78.15	1.13	182.50			
2000-6 Budget (Total Grant)	80.56	688.90	365.26	9.38	1,144.09			
%	12.34	13.54	21.40	12.05	15.95			
Priority	1	2	3	4	5	6	7	Total
Commitment	64.53	20.11	9.83	69.51	14.47	2.04	2.01	182.50
2000-6 Budget (Total Grant)	284.83	182.94	110.19	288.89	131.48	129.63	16.13	1,144.09
%	22.65	10.99	8.92	24.06	11.00	1.58	12.43	15.95

The aggregate figures for actual spend at Priority level hide a great deal of variation at measure level (figure 1 and Table 8 below).

Table 8 Actual Structural Fund Spend, Measure, £m.

<i>Measure</i>	Actual Spend	Budget (total grant)	%
1_1	27.42	56.99	48.12
1_2	4.34	46.31	9.38
1_3	5.95	67.52	8.81
1_4	14.38	76.85	18.71
1_5	12.44	37.17	33.46
2_1	0.26	24.50	1.07
2_2	5.45	37.93	14.37
2_3	10.65	71.52	14.89
2_4	3.46	23.15	14.94
2_5	0.29	25.84	1.14
3_1	1.36	13.89	9.78
3_2	3.37	20.70	16.26
3_3	3.97	52.30	7.60
3_4	1.13	23.29	4.86
4_1	24.26	93.62	25.91
4_2	18.81	63.63	29.56
4_3	13.04	69.30	18.82
4_4	10.55	40.74	25.91
4_5	2.61	17.68	14.76
4_6	0.24	3.92	6.18
5_1	3.26	23.47	13.88
5_2	2.21	8.54	25.87
5_3	1.11	9.80	11.33
5_4	1.12	9.18	12.21
5_5	0.31	12.98	2.40
5_6	2.68	27.46	9.75
5_7	1.93	16.58	11.66
5_8	0.72	14.08	5.10
5_9	1.13	9.38	12.05
6_1	0.25	51.72	0.49
6_2	0.33	15.83	2.09
6_3	1.07	33.60	3.18
6_4	0.39	28.48	1.37
7_1	1.89	9.68	19.57
7_2	0.00	2.42	0.00
7_3	0.11	3.23	3.46
7_4	0.00	0.81	0.00
Total	182.50	1,144.09	15.95

Figure 1 Actual Spending as a Proportion of Budget by Measure



An analysis of these figures shows that:

- Although actual spend of structural funds in Priority 4 as a whole was 24.1% of the Priority budget for 2000-06, the proportion by measure varies from just 6.2% in Priority 4, Measure 6 (Anticipation of skills needs), to 29.6% in Priority 4 Measure 2 (Social inclusion).
- Very low levels of actual spend compared to budget (less than 5%) are found in the following Measures
 - Priority 2, Measure 1 (ICT infrastructure)
 - Priority 2, Measure 5 (Promoting clean energy)
 - Priority 3, Measure 4 (Supporting the social economy)
 - Priority 5, Measure 4 (Investment in agricultural holdings)
 - All four measures under Priority 6.

In the case of Priority 6 and Priority 2, Measure 1, the low level of spend can be related to the delays putting appropriate strategies in place to generate and/or provide criteria to appraise projects.

The main applicant recipients of the £182.5m spent to date have been ASPBs (£61.5m or 33.7% of the total), HE/FE institutions (£35.0m or 19.1%), and local authorities (£27.3m or 15.0%). The private profit making sector received £6.2m (or 3.4%).

Commitments

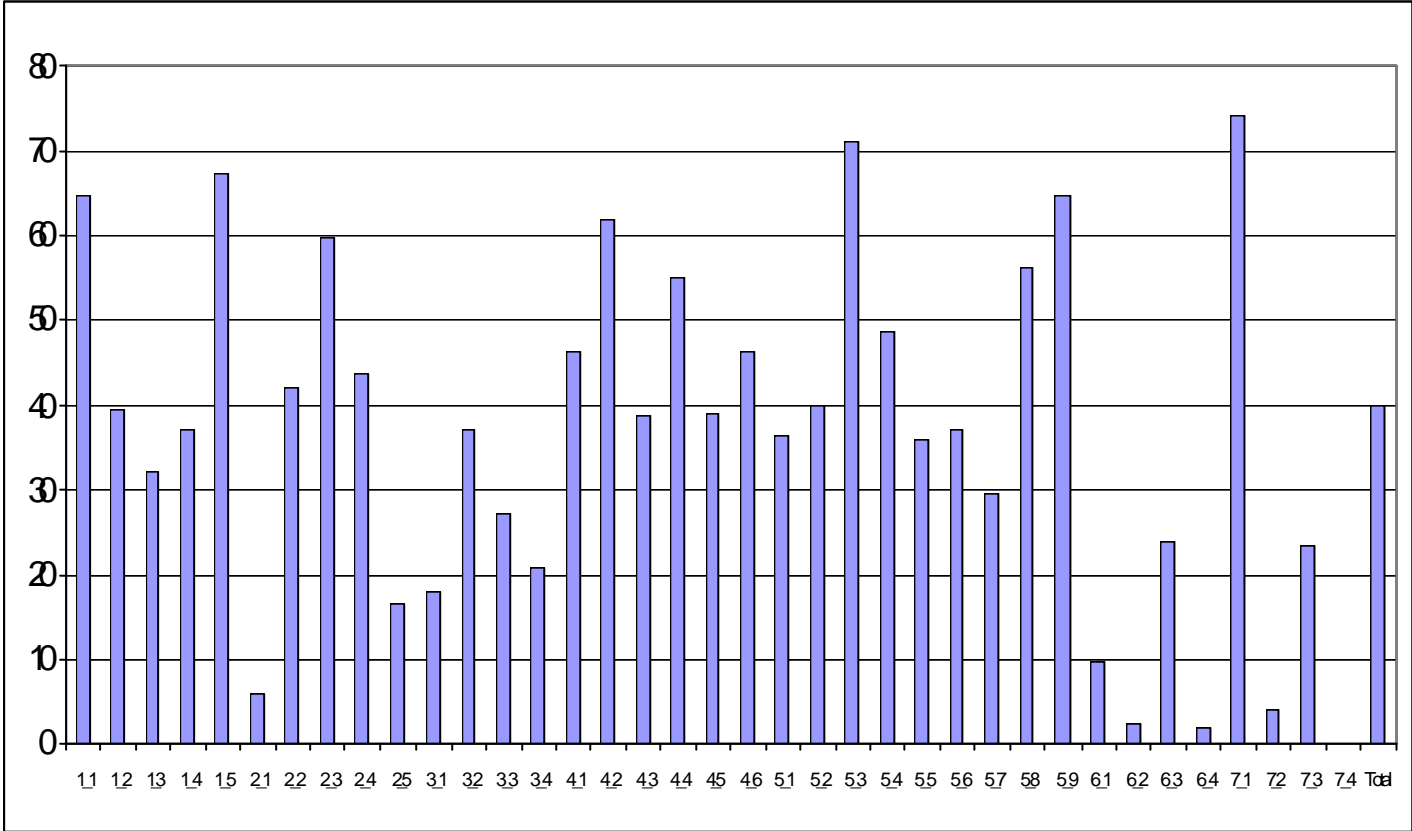
In terms of commitments, the total grant funding committed as at 31st March 2003 was £453.9m, which is 39.7% of the total grant allocated to the programme (see Table 9). In terms of total structural funds committed there is a little more uniformity in terms of proportion of fund and priority budget than is the case for actual spending::

- In the case of ERDF funds £255.6m has been committed which is 37.1% of the budget: similar figures for ESF and EAGGF are 43.6% and 40.9% respectively.
- In the case of the individual Priorities for 1,2,4 and 5 committed grants represented between 40-50% of the budget allocated in each case. In the case of Priority 3 commitments were 26.5% of the budget, and in Priority 6 just 10.7% of budget. The very low level of commitment under Priority 6 would appear to be a matter of concern given that the budget allocated Priority is almost £130m.

Table 9 Total Current Structural Fund Commitment (Grant Commitment), Fund and Priority, £m.

Fund	EAGGF	ERDF	ESF	FIFG	Total			
Commitment	32.92	255.60	159.34	6.08	453.93			
2000-6 Budget (Total Grant)	80.56	688.90	365.26	9.38	1,144.09			
%	40.87	37.10	43.62	64.76	39.68			
Priority	1	2	3	4	5	6	7	Total
Commitment	130.58	74.39	29.25	140.71	57.12	13.84	8.05	453.93
2000-6 Budget (Total Grant)	284.83	182.94	110.19	288.89	131.48	129.63	16.13	1,144.09
%	45.84	40.67	26.54	48.71	43.44	10.68	49.90	39.68

Figure 2 Total Commitment compared to Budget by Measure



The aggregate numbers for priority and fund hide variation at the measure level. Figure 2 and Table 10 shows the variation of structural fund commitment to budget under the individual measures.

There is a large degree of commonality here with Figure 1 and the pattern of actual spend:

- In seven measures grant committed represents less than 25% of the financial allocation:
 - Priority 2, Measure 1 (ICT Infrastructure)
 - Priority 2, Measure 5 (Clean Energy Sector Developments)
 - Priority 3, Measure 4 (Support for the Social Economy)
 - All four Measures under Priority 6.

- In five of the main Programme measures, grants committed are already over 60% of structural funds allocated.
 - Priority 1, Measure 1 (Financial Support for SMEs)
 - Priority 1, Measure 5 (Sites and Premises for SMEs)
 - Priority 4, Measure 2 (Social Inclusion)
 - Priority 5, Measure 3 (Forestry)
 - Priority 5, Measure 9 (Fisheries)

Table 10 Total Structural Fund Commitment, Measure, £m.

Measure	Commitment	Budget	%
1_1	36.97	56.99	64.88
1_2	18.34	46.31	39.60
1_3	21.78	67.52	32.25
1_4	28.42	76.85	36.98
1_5	25.07	37.17	67.47
2_1	1.41	24.50	5.75
2_2	15.93	37.93	41.99
2_3	42.75	71.52	59.77
2_4	10.06	23.15	43.45
2_5	4.25	25.84	16.46
3_1	2.48	13.89	17.85
3_2	7.68	20.70	37.08
3_3	14.26	52.30	27.26
3_4	4.83	23.29	20.75
4_1	43.21	93.62	46.16
4_2	39.55	63.63	62.17
4_3	26.80	69.30	38.67
4_4	22.42	40.74	55.02
4_5	6.90	17.68	39.02
4_6	1.82	3.92	46.46
5_1	8.54	23.47	36.36
5_2	3.40	8.54	39.86
5_3	6.97	9.80	71.14
5_4	4.45	9.18	48.43
5_5	4.67	12.98	35.96
5_6	10.19	27.46	37.10
5_7	4.89	16.58	29.51
5_8	7.94	14.08	56.35
5_9	6.08	9.38	64.76
6_1	5.01	51.72	9.70
6_2	0.37	15.83	2.31
6_3	7.96	33.60	23.68
6_4	0.51	28.48	1.78
7_1	7.21	9.68	74.45
7_2	0.09	2.42	3.78
7_3	0.75	3.23	23.29
7_4	0.00	0.81	0.00
Total	453.93	1,144.09	39.68

Of the £453.9m of grants committed, 29.5% are expected to go to ASPBs (largely for ERDF projects), 19.6% to HE/FE institutions (largely in respect of ESF projects), 18.1% to local authorities (largely ERDF), and 10.5% to voluntary and community groups, leaving 22.3% expected to go to other types of applicant.

Match-funding

Table 11 summarises the total costs associated with projects that have been completed and that are currently underway. We understand that there is some concern about the accuracy of these figures, which need to be used with caution.

The total project costs (including eligible, ineligible and match-funding elements) were £1.087bn, or 44.7% of the budgeted estimate for total project costs for the whole 2000-06 period. Around 58% of total project costs committed are associated with ERDF, and 30% with ESF.

Table 11 Total Project Cost Commitment, Fund and Priority, £m

Fund	EAGGF	ERDF	ESF	FIFG	Total			
	113.92	634.98	321.77	15.89	1,086.56			
2000-6 Budget	254.32	1,463.26	690.40	22.01	2,429.99			
%	44.79	43.40	46.61	72.21	44.71			
Priority	1	2	3	4	5	6	7	Total
	316.68	176.86	47.96	279.28	184.93	63.28	17.58	1,086.56
2000-6 Budget	612.30	369.90	159.88	525.31	371.70	358.64	32.26	2,429.99
%	51.72	47.81	30.00	53.16	49.75	17.64	54.49	44.71

In line with progress on grant committed, progress on total project costs is slower for Priorities 3 (30%) and 6 (18%) than for the remaining Priorities, each of which shows performance around 50%.

Table 12 reveals the amounts and sources of match-funding by fund and priority.

Table 12 Sources of Match-funding, Fund and Priority

Description	Obj 1	Obj 1	FUND				
			EAGGF	ERDF	ESF	FIFG	
Total	631.31		80.99	378.07	162.43	9.82	
Source		%	%	%	%	%	
ASPB ⁹	223.38	35.38	49.87	40.74	17.84	0.00	
Community Council - (LA)	0.23	0.04	0.00	0.00	0.14	0.00	
Government Agency	0.03	0.00	0.00	0.01	0.00	0.00	
Government Department	48.83	7.74	36.10	1.37	8.60	4.58	
HE/FE Institution	94.92	15.04	0.32	11.09	32.46	0.00	
Local Authority	124.43	19.71	3.18	26.06	14.36	0.21	
National Park Authority	2.13	0.34	2.63	0.00	0.00	0.00	
National Training Bodies/Associations	0.18	0.03	0.00	0.00	0.11	0.00	
Other Public Body	3.74	0.59	0.29	0.00	2.16	0.00	
Port Authority	2.51	0.40	0.00	0.66	0.00	0.00	
Private (Non Profit Making)	43.34	6.87	3.38	7.65	7.02	3.00	
Private (Profit Making)	44.00	6.97	0.00	7.29	4.54	92.20	
Trade Union	1.18	0.19	0.00	0.00	0.73	0.00	
Voluntary/Community Organisation	42.39	6.71	4.23	5.14	12.03	0.00	
Total	631.31	100.00	100.00	100.00	100.00	100.00	
	PRIORITY						
	1	2	3	4	5	6	7
Total	184.78	102.46	18.72	138.57	127.81	49.44	9.53
Source	%	%	%	%	%	%	%
ASPB	49.26	41.79	0.59	11.67	34.01	59.70	2.99
Community Council - (LA)	0.00	0.00	0.03	0.16	0.00	0.00	0.00
Government Agency	0.00	0.00	0.00	0.00	0.00	0.00	0.27
Government Department	2.58	0.00	0.00	10.08	23.23	0.00	4.32
HE/FE Institution	8.98	28.32	2.15	35.11	0.20	0.00	0.00
Local Authority	29.70	2.47	23.53	16.88	19.72	13.20	78.62
National Park Authority	0.00	0.00	0.00	0.00	1.67	0.00	0.00
National Training Bodies/Associations	0.03	0.00	0.00	0.09	0.00	0.00	0.00
Other Public Body	0.31	0.00	0.00	2.12	0.18	0.00	0.00
Port Authority	1.23	0.00	0.00	0.00	0.18	0.00	0.00
Private (Non Profit Making)	2.46	13.20	10.53	8.43	8.66	0.00	5.81
Private (Profit Making)	3.97	11.92	0.00	1.44	7.08	27.11	0.00
Trade Union	0.00	0.00	0.00	0.85	0.00	0.00	0.00
Voluntary/Community Organisation	1.48	2.31	63.17	13.16	5.06	0.00	7.98
Total	100.00	100.00	100.00	100.00	100.00	100.00	100.00

⁹ Assembly Sponsored Public Body: these include the Welsh Development Agency, ELWa and the Wales Tourist Board.

Key points here are:

- Total match-funding committed to the Objective 1 programme is £631.3m. representing 57.4% of total project costs (less ineligible costs). This means that the overall current grant rate is 42.6% which is well inside the targeted grant rate for the programme of 47.1% (Annex J, Programme Complement).
- The main sources of match-funding are ASPBs (35.4%), HE/FE institutions (15.0%), and local authorities (19.7%), but there is a great deal of variation in the key sources of match-funding by fund, with ASPBs contributing 40.7% of match-funding in the case of ERDF, but only 17.8% in the case of ESF, while FE/HE institutions are providing 11.1% of match-funding under ERDF, but 32.5% under ESF and local authorities 26.1% under ERDF, and 14.4% under ESF.
- ASPBs are providing the bulk of the match-funding in Priority 1 (49.3%), Priority 2 (41.8%), and Priority 6 (59.7%), but only 11% in the case of Priority 4 and less than 1% in Priority 3.
- Government Departments, including the Welsh Assembly Government appear only to be directly contributing match-funding in Priority 5 and 6, and to a very small extent in Priority 1 (although of course the vast majority of public-sector match-funding is provided indirectly by the Assembly)
- In Priority 3, not surprisingly, voluntary/community organisations and private non-profit making sources accounted for 73.7% of the match-funding commitment
- In Priority 4, HE/FE institutions accounted for 35.1% of the match-funding commitment.
- In the case of Priority 5 contributions from different sources are more evenly distributed between ASPBs (34.01%), government departments (23.2%), and local authorities (19.7%).
- The private (profit making) sector has provided 7.0% of programme match-funding at the mid-term evaluation stage. The private profit making sector contribution varied from zero under Priorities 3 to 27.1% under Priority 6. The private sector has provided 92.2% of the match-funding under the FIFG, 7.3% under ERDF, 4.5% under ESF and zero under EAGGF – although this latter figure makes little sense in the light of the fact that a number of large EAGGF projects are leveraging in significant investment from farm businesses (this is being investigated with WEFO).

3. Progress Towards Programme Outputs

In this section, the activity under the main output indicators is examined by assessing measure level predicted outputs against Programme Complement targets, and then comparing this to the amount of funding so far committed to the measure. For example under a given Measure perhaps 1,000 gross direct jobs have been predicted which is 10% of the Programme Complement target, but 50% of the Programme funding has been committed to the measure. This situation suggests that the Programme Complement target might not be met i.e. a ratio of 0.2 between outputs and funding committed. The analysis will highlight cases on the selected outputs where this ratio is significantly below 1. However, in a number of cases low predicted

outputs in relation to targets and even lower levels of spending commitments may generate what appear to be “good” levels of performance (a ratio of more than 1). In these cases, the overall picture may also be of concern, indicating a lack of demand for projects under the Measure.

Theme: Jobs based outputs

There are a large number of employment based outputs classified in the Programme Complement. In this section six of these are selected. There is a clear problem here with temporary jobs because there is no target for this selected measure. However, this output is included here because it features in such a large number of measures.

Table 13 shows the selected output classes, the Measure under which the target is relevant and then the target for the output, the predicted level of output (given estimates from projects completed and those that are currently underway), and the actual level reported as achieved to date from project sponsors.

Job creation is an important overarching objective of the Objective 1 programme. Project sponsors estimate that the gross new direct jobs created at the stage of the Mid-term evaluation is just over 8,000, but with just over 32,000 gross new jobs predicted. If these predictions are accurate, it would be likely that the Programme Complement target would be reached or exceeded. It remains unclear how gross jobs targets are to be related through to over-arching targets in terms of net additional jobs.

Table 13: Jobs Based Outputs and Progress April 2003

Output	Measures	PC Target	Predicted*	Actual**
Gross new direct jobs	1.1 1.2 1.3 1.4 2.2 2.3 2.4 5.4 5.6 5.7 5.8 5.9 6.2 6.4	49230	32067	8039
Gross new indirect jobs	1.1 1.3 1.5 2.2 2.3 5.4 5.6 5.8 6.3 6.4	9320	5752	1335
Gross jobs safeguarded	1.1 1.3 1.4 2.2 2.3 2.4 4.1 5.1 5.2 5.4 5.6 5.7 5.8 5.9 6.4	38860	38824	16431
Jobs accommodated	1.5 6.3	28160	11331	2516
Temporary jobs	1.5 2.1 3.3-3.4 4.4 5.2 5.3 5.6 5.7 5.8 6.1 6.3	0	1656	172
Gross new jobs in high technology	2.2 2.3	5000	1394	189

*predicted by projects underway and completed ** actual declared as achieved by projects underway and completed.

Table 14 shows progress on these outputs broken down to Measures level. This shows that on *gross new direct jobs* there is some significant variation across the priorities and measures:

- For the four Priority 1 measures, in aggregate, the percentage of actual to target is 23.1%, and the percentage of predicted to target is 89.1%.
- By contrast, in Priority 2, Measure 2 (Demand for ICT), the actual gross new direct jobs are just 1.5% of the Programme Complement target, whilst the ratio of predicted to target is 9.0% - even though 42% of the budgeted structural funds have already been committed.
- Priority 2, Measure 3 (Support for Innovation), the situation is little better with the percentage of actual and predicted to target being 1.7% and 15.8% respectively, as against 59.8% of funds committed under the measure.
- Across the relevant measures in Priority 5, the situation is also of concern with just 136 gross new direct jobs created across five measures, and 821 predicted against a target of 7070.

- The very high ratio for Priority 6, Measure 4 is because very little funding has been committed to the measure (1.8% of budgeted funds).
- At the programme level it may be that stronger achievements in Priority 1 may make up for the lack of progress on this output elsewhere.

Table 14 Ratio of Predicted Output/PC Target to Proportion of Structural Fund Budget Committed to Measure

Gross new direct jobs		Gross new indirect jobs		Gross jobs safeguarded		Jobs accommodated	
Measure	Ratio	Measure	Ratio	Measure	Ratio	Measure	Ratio
1.1	1.55	1.1	Na	1.1	2.86	1.5	2.84
1.2	2.41	1.3	Na	1.3	3.29	6.3	0.50
1.3	2.38	1.5	Na	1.4	19.54		
1.4	0.41	2.2	4.13	2.2	5.05		
2.2	0.21	2.3	0.29	2.3	1.46		
2.3	0.26	5.4	Na	2.4	1.42		
2.4	0.43	5.6	Na	4.1	0.00		
5.4	0.25	5.8	0.59	5.1	0.39		
5.6	0.26	6.3	Na	5.2	0.81		
5.7	0.09	6.4	0.00	5.4	1.11		
5.8	0.79			5.6	2.64		
5.9	0.83			5.7	Na		
6.2	Na			5.8	4.95		
6.4	17.42			5.9	3.90		
				6.4	Na		

Na: Not specified as a PC target for the measure. In particular, in several cases it appears where the PC refers to a gross new direct jobs target then WEFO have in some circumstances split this into indirect and direct for the purposes of recording outputs.

Gross new indirect jobs are expected as outputs under ten measures, but the majority (over 80%) are expected under Priority 2, Measure 2 and Priority 2, Measure 3. For this indicator:

- In the case of Priority 2, Measure 2 the predicted gross indirect jobs already exceeds the Programme Complement target.
- In overall terms across the ten measures 5,752 gross new indirect jobs are predicted which is 53.8% of the aggregate target.
- Reference to Table 5.14 shows where there is a strong variance between gross new indirect jobs predicted and the amount of funding already committed. Priority 2, Measure 3 appears to be a problem with 59.8% of funds committed, but with the gross new indirect jobs at just 17.5% of target (giving a ratio of 0.29).

In the case of predictions for *gross jobs safeguarded*, the aggregate it is already almost equal to the Programme Complement target of 38860. Of the 13 measures for which this is a target the predicted exceeds the target in six cases (Priority 1, Measures 1, 3 and 4, Priority 2, Measure 2, Priority 5 Measure 8 and Priority 5 Measure 9). Poor performances on this output are evident in Priority 4 Measure 1 (Preventative and Active Employment Measures) and Priority 5, Measure 1 (Processing and Marketing of Agricultural Products). For example in Priority 4, Measure 1, five thousand safeguarded jobs is the target but the current prediction is zero.

Jobs accommodated feature under just two measures. In Priority 1, Measure 5 (Sites and Premises for SMEs), predicted jobs accommodated (8,536) is almost twice the target (4,460). In Priority 6, Measure 3 (Strategic Employment Sites), progress has been slower with 2,795 predicted jobs accommodated against a target of 23,700, even though, 23.7% of funds have been committed under this Measure.

Temporary jobs are not specified as a Programme Complement target but feature as expected outputs under 12 measures. At the mid term stage it is predicted that projects completed and currently underway are connected to 1,656 temporary jobs.

Finally, *gross new jobs in high technology* feature as outputs under Priority 2, Measure 2 and Priority 2, Measure 3. At the mid term stage the predicted total of gross new jobs in high technology sectors is 1,394 which is 27.9% of the target.

Theme: SME based outputs

A selection of the main SME based outputs are shown in Tables 15 and 16.

In terms of *New SMEs receiving financial support*, there appears to be good overall progress with 1,453 SMEs predicted to receive advice in connection with projects currently underway and completed against the target of 2,000. In Priority 1, Measure 1 (Financial Support for SMEs) predicted as a percentage of actual on this output is 72.7%. (This may, however, simply reflect the allocation of outputs pro-rata to large projects such as Finance Wales).

Existing SMEs receiving financial support is an output under Priority 1, Measure 1 and, on the data provided, targets seem set to be exceeded: indeed, on this output predicted (4,164 SMEs receiving financial support) already exceeds the Programme Complement target, and the actuals already achieved represent 33.0% of this target. Again, the strong predicted performance of Priority 1, Measure 1 is picked up in Table 16 with 64.9% of funds committed, but with predicted SMEs receiving financial support already in excess of the target.

New SMEs created is a target in Priority 1, Measure 1 and Priority 1, Measure 2 (Promoting Entrepreneurship). The actual reported in Table 15 already exceeds the Programme Complement target, and the predicted is over ten times the Programme Complement target – largely due to the high levels of predicted Start-ups by projects in Measure 2. This is an interesting output because there is a strong expectation that these numbers can be verified in the field. Predicted performance on this output is strong given the structural funds committed to date.

On the output *new and existing SMEs given advice and information* actual and predicted performances have been equally strong. In aggregate, claimed actual achievements represented 35.8% of the Programme Complement target, and the predicted exceeds the target. There is some variance across the measures with the bulk of the predicted output (14,241) promised in Priority 1, Measure 2 – again, this may reflect the allocation of pro rata targets to large projects – but all Measures are showing forecasts in excess of that expected given the amount of structural funds committed.

Very similar conclusions apply to the *new and existing SMEs assisted* output (although quantities predicted in Priority 1, Measure 2 are more conservative) where overall predicted quantities are 44.5% of the Programme Complement target, in line with budget committed, and to the outputs *companies receiving financial support for R&D projects etc.*, and *companies receiving advice/information on R&D projects etc.*

Start-up SMEs supported is an output under Priority 5, Measure 1 (Processing and Marketing of Agricultural Products), although appears to be some confusion between WEFO output classification and the Programme Complement target here (see note in Table 5.15). Performance here is worrying, with 36.4% of the budget committed but a predicted output of just 1.7% of this important target.

New SMEs surviving after two years is an output under Priority 1, Measure 2. Again the predicted quantity exceeds the Programme Complement target, although actual achieved is just 2.7% of total (which is understandable given the fact few projects have been running for more than two years!).

Aggregate progress appears to have been slower on outputs that relate to increases in sales in SMEs. Both outputs are similar in wording but apply to different measures. *Increase in turnover of assisted or supported SMEs* is an output under Priority 1, Measures 1, 2 and 3. Given the large numbers of SMEs supported, assisted or otherwise in Measures 2 and 3 in particular, the expected turnover effects at programme level are very small. In each Measure, progress on this output is poor when considered against grant committed (particularly in the case of Measure 2) and this may reflect methodological difficulties or projects unwillingness to collect the data.

The very similar *sales increase in supported companies* is recorded as an output under Priority 2, Measures 2 and 3 and Priority 5, Measure 6. (although in this last case there is no related target in the Programme Complement). Here, the actual exceeds the predicted which appears odd and may relate to a data error, since it is caused by a recorded £2.306m increase in sales in Priority 5, Measure 6.

Table 15 Selected SME-based outputs and progress

Output	Measure	PC target	Predicted	Actual
New SMEs receiving financial support	1.1	2000	1453	547
Existing SMEs receiving financial support	1.1	4000	4164	1320
New SMEs created	1.1 1.2	700	7047	765
New and existing SMEs given advice and information	1.2 1.3 5.6?	16650	21229	5963
Companies receiving financial support for R&D projects etc.	2.3	1000	1483	207
Companies receiving advice/info. on R&D and innov. Projects	2.3	2000	5545	2474
New and existing SMEs assisted	1.2 1.3 5.4	11670	5198	2573
Start-up SMEs supported**	5.1	1500	25	0
New SMEs surviving after 2 years	1.2	4200	5839	115
£k increase in turnover of assisted or supported SMEs	1.1 1.2 1.3	2,371,000	0.594	0.044
£k increase in sales of supported companies	2.2 2.3 5.6	1,300,000	0.639	2.149

** assumed there is an error on output files and that PROGRAMME COMPLEMENT is correct here and that start up SMEs supported rather than number of new SMEs receiving financial support is the relevant output under 5.1.

Table 16 Ratio of Predicted Output/Programme Complement Target to Proportion of Structural Fund Budget Committed to Measure: Selected SME based outputs

Output Class	Measure	Ratio
New SMEs receiving financial support	1.1	1.12
Existing SMEs receiving financial support	1.1	1.60
New SMEs created	1.1	4.40
	1.2	32.71
New and existing SMEs given advice and information	1.2	5.99
	1.3	2.75
	5.6	1.22
New and existing SMEs assisted	1.2	0.71
	1.3	1.40
	5.4	1.35
New SMEs surviving after 2 years	1.2	3.51
Start-up SMEs supported**	5.1	0.05
Companies receiving financial support for R&D projects etc.	2.3	2.48
Companies receiving advice/info. on R&D and innov. projects	2.3	4.63
£m increase in turnover of assisted or supported SMEs	1.1	0.60
	1.2	0.12
	1.3	0.63
£ increase in sales of supported companies	2.2	1.55
	2.3	0.49
	5.6	na

** see note in previous table

Community-based outputs

A total of five community based outputs have been selected in Tables 17 and 18. Progress across the five outputs has been fairly good with, in three cases, predicted exceeding the Programme Complement target, and also in three cases (though not the same ones!) the actual exceeding the Programme Complement target.

In terms of *community groups assisted* the predicted outturn is over double the target, while the actual number of community groups assisted also exceeds the target. This may reflect definitions of “assistance” which include very limited support. In each of the three measures to which this output relates progress has been good. In Priority 3, Measure 2 (Capacity Building) the actual is already almost four times the Programme Complement target, whilst in Priority 3, Measure 3 (Regeneration of Deprived Areas) the predicted is 87.2% of the target. In each measure, outputs in terms of community groups assisted are high with respect to funds committed. For example, in Priority 3, Measure 2 the predicted is nearly seven times the target but just 37.1% of structural funds budgeted have been committed at the mid-term evaluation stage.

Similarly good progress has been made on *numbers of community projects supported*, with predicted outputs in excess of the target and reported actual figures already at 55.5% of the target. In the case of Priority 3, Measure 1 (Capacity Building – ESF) actual community projects supported already exceeds the target. In both Priority 3, Measures 1 and 3, the outputs in terms of community groups supported compare favourably with the current level of structural funds committed.

The outputs *number of capacity building projects* (under measure 3.1) and number of community development initiatives supported (under measure 3.2) also reveal strong reported

performance with actuals exceeding the targets under the respective measures, and reported progress comparing favourably with the extent of structural funds committed at the mid-term stage.

Finally, numbers of gross social enterprises is an output under Priority 3, Measure 4 (Social Economy). Here the reported actual is low, but the predicted figures for the output are better.

Table 17: Selected community based outputs and progress

Output	Measure	PC target	Predicted	Actual
Number of community groups assisted	3.1	260	552	281
	3.2	0	9	9
	3.3			
Number of community projects supported	3.1	890	101	494
	3.3		6	
Number of capacity building projects	3.1	150	108	234
Number of community development initiatives supported	3.2	110	103	752
			0	
Number of gross new social enterprises established	3.4	600	136	10

Table 18 Ratio of Predicted Output/Programme Complement Target to Proportion of Structural Fund Budget Committed to Measure: Selected community-based outputs

Output class	Measure	Ratio
Number of community groups assisted	3.1	2.29
	3.2	18.47
	3.3	3.20
Number of community projects supported	3.1	6.07
	3.3	4.26
Number of capacity building projects	3.1	4.03
Number of community development initiatives supported	3.2	25.25
Number of gross new social enterprises established	3.4	1.09

Theme: Beneficiaries-based outputs

Outputs relating to numbers of beneficiaries relate to the ESF measures, and feature strongly as outputs in Priority 4. Tables 19 and 20 highlight four of the key beneficiary based measures. These measures are important in the context of the overall programme as they are expected to be verifiable.

In aggregate, the four output measures reveal steady progress towards the Programme Complement targets.

In the case of *beneficiaries completing their courses*, in aggregate terms the actual reported achievements represent 10.2% of the SPD target, whilst predicted represents 39.1% of the target. Progress does vary across the measures for which this is an output, with apparently strong performance in Priority 3, Measure 1, but much weaker progress on Priority 2, Measure 4 (Skills for Innovation and Technology), and Priority 4, Measure 5 (Improving the Participation of Women) : Priority 2, Measure 4, the predicted output is less than 10% of the target with 43.5% of funds committed.

On the output *beneficiaries gaining a qualification* the actual achieved across the six relevant measures is 11.2% of the target (which is lagging compared to an actual spend of just over 20% of all ESF measures to date), whilst predicted is 54.6% of the target. The measures in Priority 4 together with Priority 1, Measure 4 show a strong performance in terms of predictions. Of rather more concern is, again, progress under Priority 2, Measure 4 where the

actual is just 1.6% of target, and predicted is just 12.5% of target, with 43.5% of the budgeted funds committed.

There has also been good reported progress across all the relevant Measures on the output *beneficiaries gaining a positive outcome on leaving*, with actual reported as 38.7% of Programme Complement target, and predicted 94.1% of the target.

Finally, *participants in lifelong learning* is a selected output under Priority 4, Measure 3. Predicted quantities already exceed the Programme Complement target, and with just 38.7% of funds being committed to the measure.

Table 19 Beneficiaries: Selected Output Measures

Output	Measure	PC target	Predicted	Actual
Beneficiaries completing their courses	1.4 2.4 3.1 4.1 4.2 4.3 4.5	144370	56509	14734
Beneficiaries gaining a qualification	1.4 2.4 4.1 4.2 4.3 4.5	98754	53916	11109
Beneficiaries gaining positive outcome on leaving	4.1 4.2 4.5	46608	43838	18035
Participants in lifelong learning	4.3	41270	56448	15742

Table 20 Ratio of Predicted Output/Programme Complement Target to Proportion of Structural Fund Budget Committed to Measure: Selected beneficiaries-based outputs

Output	Measure	Ratio
Beneficiaries completing their courses	1.4	1.46
	2.4	0.22
	3.1	6.36
	4.1	0.59
	4.2	0.54
Beneficiaries gaining a qualification	4.3	1.21
	4.5	0.32
	1.4	0.92
	2.4	0.29
	4.1	1.00
Beneficiaries gaining positive outcome on leaving	4.2	0.62
	4.3	2.20
	4.5	45.01
	4.1	2.04
	4.2	1.28
Participants in lifelong learning	4.5	na
	4.3	3.54

Theme: Innovation and R&D Outputs

There are five outputs selected that relate to R&D and innovation outcomes, shown in Table 21.

These outputs relate largely to Priority 2, Measure 3 (Support for the Development of Innovation and R and D) and Priority 2, Measure 4 (Skills for Innovation and Technology). In Priority 2, Measure 3 almost 60% of funds have been committed, and on each of the selected outputs, predicted outputs for this Measure are already in excess of the Programme Complement target, with actual reported quantities exceeding the target in two cases. The one area of concern is Priority 2, Measure 4 where the *numbers of managers receiving training* in innovation is just 9% of the target, against 43.5% of funds committed.

Table 21 Selected Outputs Innovation and R&D and Ratio of Predicted Output/Programme Complement Target to Proportion of Structural Fund Budget Committed to Measure

Output	Measure	PC target	PREDICTED	Actual	Ratio
Collaborative projects between companies and research instits.	2.3	200	922	403	7.71
New technology, R&D, innovation and incubator centres created	2.3	15	21	12	2.34
Number of managers receiving training in innovation	2.4	400	36	0	0.21
Companies receiving fin support for RD/innov projects	2.3	1000	1483	207	2.48
Companies receiving advice/info on RD/innov projects	2.3	2000	5545	2474	4.64

Theme: Physical infrastructure and land development

Several measures in the programme include outputs in terms of physical processes or projects, particularly in Priority 6. Tables 22 and 23 show a selection of these outputs.

In the case of *square meters of floor-space made available or improved*, aggregate predicted outputs are just 17.5% of the Programme Complement target and is lagging behind relative to financial commitment for both measures: in the case of Priority 6, Measure 3 (Strategic Employment Sites), the predicted quantity is 5.9% of the target, with 23.7% of budgeted funds have already been committed to the measure.

Priority 6, Measure 1 (Accessibility and Transport) includes *outputs in terms of km of transport routes built/improved*, and *numbers of public transport schemes*. In both cases progress has been limited, but this has to be set against the fact that only 9.7% of funds have been committed to the measure.

Similar conclusions relate to most of the remaining physical measures with predicted outputs comparing favourably with the amount of funds so far committed to the relevant measures. The concern in much of Priority 6 is the very low level of funds committed. The one exception is under Priority 6, Measure 4 (Environmental Infrastructure) where there has been no progress whatsoever on land improvement, but again this needs to be set against the fact that just 1.8% of structural funding has been committed.

Table 22 Selected outputs: Physical built infrastructure and transport & land development

Output	Measure	PC target	PREDICTED	Actual
Square metres of floor space made available improved	1.5 6.3	480 000	838 54	410 85
No of km of transport route built/improved	6.1	15	2	0
No of public transport schemes improved	6.1	4	1	0
No hectares land developed	1.5 6.3	282	204	59
No. of hectares of derelict/contaminated land improved	3.3 6.4	110	33	0
No of water efficiency schemes	6.4	8	1	0

Table 23 Ratio of Predicted Output/Programme Complement Target to Proportion of Structural Fund Budget Committed to Measure: Physical/land based outputs

Output	Measure	Ratio
Square metres of floor space made available improved	1.5	0.54
	6.3	0.25
No of km of transport route built/improved	6.1	1.37
No of public transport schemes improved	6.1	2.58
No hectares land developed	1.5	2.75
	6.3	1.47
No. of hectares of derelict/contaminated land improved	3.3	4.03
	6.4	0.00
No of water efficiency schemes	6.4	7.02

Summary of progress on cross-cutting themes

Finally, Table 24 summarises progress towards targets on cross-cutting themes. Five outputs indicators are selected which relate to the *equal opportunities* cross-cutting theme. The measures selected here relate either generally to equal opportunities or relate specifically to gender imbalances.

In aggregate reported progress towards the target under each selected output seems reasonable. On the *SME receiving financial support owned by women, disabled people, people from minority ethnic groups*, the predicted is currently 19.7% of the Programme Complement target, whereas in the *SMEs receiving advice and information owned by women disabled people, people from minority ethnic groups* the predicted outcomes already exceed the Programme Complement target.

Reported progress towards the creation of childcare places has also been good with the predicted being 83.7% of the Programme Complement target, although with variation across the individual measures and weaker reported performances here in Priority 1, Measure 4 (Promoting Adaptability and Entrepreneurship) and Priority 4., Measure 2 where predicted over actual were 9.6% and 12.6% respectively.

Numbers of women receiving training is an output under measure Priority 5, Measure 2 (Training Services to Help Farming), and here the reported actual is 58% of the Programme Complement target, with just 39.9% of funding being committed under this measure.

Reported progress has been slower on the *number of enterprises receiving support led by women disabled people, people from minority ethnic groups* which is an output under measure Priority3, Measure 4 (Social Economy). Here the actual is just 0.2% of the Programme Complement target, whilst the predicted is just 4.1% of the target with 20.8% of funds already committed under this measure.

Table 24: Selected output – cross-cutting themes

Cross-cutting themes base – equality	Measure	Programme Complement target	Predicted	Actual
SMEs receiving financial support owned by women , disabled people, people from minority ethnic groups	1.1	700	138	9
SMEs receiving advice. Information, assistance owned by women, disabled people, people from minority ethnic groups	1.2	2000	4014	1212
Childcare places provided	1.4 4.1 4.2 4.3 4.4 4.5	24900	20832	3490
Number of women receiving training	5.2	340	280	198
Number of enterprises receiving support led by women, disabled people, people from minority ethnic groups c	3.4	2850	117	6
Cross-cutting theme base - environment & sustainability				
New SMEs adopting EMS	1.3	250	35	0
Number of companies provided with environmental tech transfer	2.3	50	221	35
Number of exemplar models developed for clean energy	2.5	12	10	2
Number of community environmental appraisals supported	3.3	200	55	13
Number of new sustainable woodland management schemes	5.3	995	533	65
Number of hectares brought under sustainable management	5.3	10000	6143	2113
River habitats improved	5.8	300	359	25
Cross-cutting theme base - information society				
Exemplars of e-commerce	2.2	300	551	62
Firms benefiting from e-commerce and ICT support	2.2	3000	8958	1977

Table 24 also considers selected outputs which can be connected with the *environmental sustainability* cross-cutting theme. Once again the reported progress under the majority of the output indicators has been good, with in two cases predicted outcomes already surpassing the Programme Complement target. Main problems here would seem to relate to Priority 1, Measure 3 (Developing Competitive SMEs) and *new SMEs adopting EMS*, with predicted being just 14% of target.

It is more difficult to select outputs that might link through to the *information society* cross-cutting theme. Two outputs relating to Priority 2, Measure 2 (Demand for ICT) are relevant - exemplars of e-commerce, and firms benefiting from e-commerce and ICT support and in both cases predicted outcomes are already in excess of the Programme Complement target.

Appendix 5: Outputs by Measure

Measure :	1.1						
Output			PROGRAM ME COMPLE MENT Target	Predicted	Actual	Pred/PROG RAMME COMPLE MENT %	Ratio
No. of gross new direct jobs			11400	11,475	3,519	100.7	1.55
No. of gross new indirect jobs			0	600	181	-	-
No. of gross jobs safeguarded			3900	7,229	5,003	185.4	2.86
No. of new SMEs receiving financial support			2000	1,453	547	72.7	1.12
No. of existing SMEs receiving financial support			4000	4,164	1,320	104.1	1.60
No. of new SMEs receiving financial support owned by women, people from ethnic minorities or people with disabilities			700	138	9	19.7	0.30
£k increase in turnover of assisted or supported SMEs			1065000	412,056	0	38.7	0.60
No. of new SMEs created			200	571	99	285.5	4.40
£k of private sector investment levered in			90000	788,497	37,086	876.1	13.50
Measure :	1.2						
Output			PROGRAM ME COMPLE MENT Target	Predicted	Actual	Pred/PROG RAMME COMPLE MENT %	Ratio
No. of gross new direct jobs			10560	10,064	2,045	95.3	2.41
No. of new and existing SMEs given advice/information			6000	14,241	4,328	237.4	5.99
No. of new and existing SMEs assisted			1000	280	126	28.0	0.71
No. of new SMEs given advice / information or assistance owned by women, people from ethnic minorities, people with disabilities or Welsh-speaking			2000	4,014	1,212	200.7	5.07
£k increase in turnover of assisted or supported SMEs			546000	26,500	3,599	4.9	0.12
No. of new SMEs created			500	6,476	666	1295.2	32.71
No. of new SMEs surviving after 2 years			4200	5,839	115	139.0	3.51
No. of people targeted by entrepreneurship marketing and advisory campaigns			600000	473,840	1,625,837	79.0	1.99
Measure :	1.3						
Output			PROGRAM ME COMPLE MENT Target	Predicted	Actual	Pred/PROG RAMME COMPLE MENT %	Ratio
No. of gross new direct jobs			10840	8,336	2,206	76.9	2.38
No. of gross new indirect jobs			0			-	-
No. of gross jobs safeguarded			6840	7,260	3,288	106.1	3.29
No. of new and existing SMEs given advice/information			5000	4,432	1,062	88.6	2.75
No. of new and existing SMEs assisted			10170	4,590	2,255	45.1	1.40
£k increase in turnover of assisted or supported SMEs			760000	154,938	40,152	20.4	0.63
£k gross tourist visitor expenditure			143000	5,281	0	3.7	0.11
No. of new SMEs adopting Environmental Management Systems			250	35	0	14.0	0.43
Measure :	1.4						
Output			PROGRAM ME COMPLE MENT Target	Predicted	Actual	Pred/PROG RAMME COMPLE MENT %	Ratio
No. of gross new direct jobs			900	138	4	15.3	0.41

No. of gross jobs safeguarded		1000	7,227	1,175	722.7	19.54	
No. of managers/proprietors trained		10000	4,710	105	47.1	1.27	
No. of beneficiaries		47030	45,481	5,065	96.7	2.62	
No. of beneficiaries completing their courses		37624	20,368	3,108	54.1	1.46	
No. of beneficiaries gaining a qualification		25396	8,867	886	34.9	0.94	
No. of beneficiaries getting self-employment help		7030	1,787	230	25.4	0.69	
No. of beneficiaries involved in other entrepreneurship initiatives		5000	16	6	0.3	0.01	
No. of childcare places provided		5000	482	0	9.6	0.26	
No. of companies helped		6330	4,453	249	70.3	1.90	
No. of employees helped		30000	19,866	3,872	66.2	1.79	
No. of graduates joining SMEs		500	165	1	33.0	0.89	
No. of trainers trained		3165	394	34	12.4	0.34	
No. of work modernisation projects		150	6	1	4.0	0.11	
Measure :	1.5						
Output			PROGRAM ME COMPLET ENT Target	Predicted	Actual	Pred/PROGRAMME COMPLET ENT %	Ratio
No. of gross new indirect jobs			0				
No. of jobs accommodated			4460	8,536	2,016	191.4	2.84
No. of temporary jobs			0	182	94	-	-
No. of sq. metres of floor space made available/improved			180000	66,134	38,805	36.7	0.54
No. hectares of land developed			70	130	59	186.1	2.76
No. of feasibility studies			0			-	-
Measure :	2.1						
Output			PROGRAM ME COMPLET ENT Target	Predicted	Actual	Pred/PROGRAMME COMPLET ENT %	Ratio
No. of temporary jobs			0	11	0	-	-
Measure :	2.2						
Output			PROGRAM ME COMPLET ENT Target	Predicted	Actual	Pred/PROGRAMME COMPLET ENT %	Ratio
No. of gross new direct jobs			2000	180	29	9.0	0.21
No. of gross new indirect jobs			2000	3,472	824	173.6	4.13
No. of gross new jobs in high technology			2000	20	10	1.0	0.02
No. of gross jobs safeguarded			2570	5,452	1	212.1	5.05
£k increase in turnover of supported companies			500000	326,250	7	65.3	1.55
No. of regional audit of existing provision			1	1	1	100.0	2.38
20 Exemplar e-commerce users to be created and publicised in each local authority area			300	551	62	183.7	4.37
No. of firms benefiting (profitability increases) from e-commerce and ICT support			3000	8,958	1,977	298.6	7.11
Measure :	2.3						
Output			PROGRAM ME COMPLET ENT Target	Predicted	Actual	Pred/PROGRAMME COMPLET ENT %	Ratio
No. of gross new direct jobs			6000	946	99	15.8	0.26
No. of gross new indirect jobs			6600	1,153	305	17.5	0.29

No. of gross new jobs in high technology	3000	1,374	179	45.8	0.77		
No. of gross jobs safeguarded	7230	6,329	5,656	87.5	1.46		
No. of companies receiving financial support for R&D/Innovation projects	1000	1,483	207	148.3	2.48		
No. of companies given advice/information on R&D/innovation projects	2000	5,545	2,474	277.3	4.64		
No. of gross new high tech companies	3000	255	35	8.5	0.14		
£k increase in turnover of supported companies	800000	233,150	2,036,318	29.1	0.49		
No. of collaborative projects between companies and research institutions	200	922	403	461.0	7.71		
No. of companies provided with environmental technology transfer	50	221	35	442.0	7.40		
No. of new technology, R&D, innovation and incubator centres created	15	21	12	140.0	2.34		
No. of sq. metres floor space in innovation centres and R&D facilities	30000	20,965	2,084	69.9	1.17		
No. of new patents/trade marks registered	20	251	241	1255.0	21.00		
No. of feasibility studies	0	1	0				
Measure :	2.4						
Output			PROGRAM ME COMPLET ENT Target	Predicted	Actual	Pred/PROGRAMME COMPLET ENT %	Ratio
No. of gross new direct jobs		400		75	0	18.8	0.43
No. of gross jobs safeguarded		600		370	0	61.7	1.42
No. of beneficiaries		15800		3,938	1,139	24.9	0.57
No. of beneficiaries completing their courses		12640		1,202	75	9.5	0.22
No. of beneficiaries gaining a qualification		8532		1,067	139	12.5	0.29
No. of companies helped		3000		769	348	25.6	0.59
No. of companies introducing innovation management techniques		500				0.0	0.00
No. of employees helped		15000		1,703	494	11.4	0.26
No. of graduates starting work in SMEs		1300		245	21	18.8	0.43
No. of managers receiving training in innovation		400		36	0	9.0	0.21
No. of people undertaking higher level skills training		7000		2,294	351	32.8	0.75
No. of projects supported		460		1	1	0.2	0.01
Measure :	2.5						
Output			PROGRAM ME COMPLET ENT Target	Predicted	Actual	Pred/PROGRAMME COMPLET ENT %	Ratio
No. of research initiatives supported		12		5	2	41.7	2.53
No. of exemplar models developed for clean energy		12		10	2	83.3	5.06
No. of feasibility studies		0					
Measure :	3.1						
Output			PROGRAM ME COMPLET ENT Target	Predicted	Actual	Pred/PROGRAMME COMPLET ENT %	Ratio
No. of beneficiaries		7000		6,884	5,868	98.3	5.51
No. of beneficiaries completing their courses		2625		2,982	4,177	113.6	6.36
No. of beneficiaries on training programmes		3500		3,604	5,868	103.0	5.77
No. of beneficiaries participating in local economic, social and environmental development activity		5000		2,776	4,176	55.5	3.11
No. of capacity building projects		150		108	234	72.0	4.03
No. of community groups assisted		700		286	343	40.9	2.29

No. of community organisations/groups participating in local economic, social and environmental development activity		500	545	334	109.0	6.11	
No. of community projects supported		230	249	334	108.3	6.07	
Measure :	3.2						
Output			PROGRAM ME COMPLET ENT Target	Predicted	Actual	Pred/PROGRAMME COMPLET ENT %	Ratio
No. of temporary jobs			0	32	10	-	-
No. of community groups assisted			600	4,109	2,240	684.8	18.47
No. of community development initiatives supported			110	1,030	752	936.4	25.25
No. of local people involved in planning and developing strategies, partnerships and community initiatives			7200	15,742	13,888	218.6	5.90
No. of community development initiatives still active after 2 years			82	642	88	782.9	21.11
No. of feasibility studies			0			-	-
Measure :	3.3						
Output			PROGRAM ME COMPLET ENT Target	Predicted	Actual	Pred/PROGRAMME COMPLET ENT %	Ratio
No. of gross new jobs in community-led projects and community enterprises			1100	554	217	50.3	1.85
No. of temporary jobs			0			-	-
No. of community groups assisted			1300	1,134	236	87.2	3.20
No. of community services and community owned sustainable assets supported			300	329	118	109.7	4.02
No. of community assets owned by local groups after two years			225	73	14	32.4	1.19
No. of interagency partnerships/regeneration initiatives supported			150	274	256	182.7	6.70
No. of community environmental appraisals undertaken			200	55	13	27.5	1.01
No. of community environmental enhancement projects supported			200	255	23	127.5	4.68
No. of community-led projects supported			660	767	160	116.2	4.26
No. of hectares of derelict/contaminated land improved			30	33	0	110.0	4.03
No. of feasibility studies			0	1	1	-	-
Measure :	3.4						
Output			PROGRAM ME COMPLET ENT Target	Predicted	Actual	Pred/PROGRAMME COMPLET ENT %	Ratio
No. of gross new jobs in community-led projects and community enterprises			1900	435	38	22.9	1.10
No. of gross jobs safeguarded in community enterprises			3000	162	25	5.4	0.26
No. of temporary jobs			0	20	0	-	-
No. of gross new social enterprises established			600	136	10	22.7	1.09
£k increase in turnover of assisted community businesses			187000	4,765	12,097	2.5	0.12
No. of sq. metres of premises developed for social enterprises			15000	5,538	1,744	36.9	1.78
No. of enterprises receiving support			5700	400	71	7.0	0.34
No. of enterprises receiving support led by women, disabled, ethnic minorities			2850	117	6	4.1	0.20
No. of assets owned by supported enterprises			300	166	9	55.3	2.67
No. of feasibility studies			0	1	0	-	-
Measure :	4.1						
Output			PROGRAM	Predicted	Actual	Pred/PROGRAM	Ratio

			ME COMPLE MENT Target			RAMME COMPLE MENT %	
No. of gross jobs safeguarded			5000			0.0	0.00
No. of adults receiving help before 12 months unemployment			15065	11,225	7,615	74.5	1.61
No. of beneficiaries			0	53,358	28,242	-	-
No. of beneficiaries completing their courses			31055	8,519	3,902	27.4	0.59
No. of beneficiaries gaining a qualification			23175	10,716	3,396	46.2	1.00
No. of beneficiaries gaining positive outcome on leaving			27180	25,589	7,429	94.1	2.04
No. of beneficiaries getting self-employment help			2800	1,321	503	47.2	1.02
No. of beneficiaries in work on leaving			18540	14,251	4,539	76.9	1.67
No. of beneficiaries on training programmes			20850	18,878	9,132	90.5	1.96
No. of beneficiaries receiving job search support			39400	30,985	15,947	78.6	1.70
No. of businesses/education establishments participating in initiatives to strengthen links between education and training			400	126	23	31.5	0.68
No. of childcare places provided			6600	2,111	1,282	32.0	0.69
No. of young people receiving help before 6 months unemployment			9732	7,292	3,150	74.9	1.62
No. participating in active measures			46350	36,883	18,618	79.6	1.72
Measure :	4.2						
Output			PROGRAM ME COMPLE MENT Target	Predicted	Actual	Pred/PROG RAMME COMPLE MENT %	Ratio
No. of beneficiaries			32380	60,948	22,218	188.2	3.03
No. of beneficiaries completing their courses			21695	7,256	1,752	33.4	0.54
No. of beneficiaries gaining a qualification			14571	5,620	918	38.6	0.62
No. of beneficiaries gaining part of a qualification (learning credits)			4857	2,342	212	48.2	0.78
No. of beneficiaries gaining positive outcome on leaving			19428	15,486	9,572	79.7	1.28
No. of beneficiaries in work on leaving			11009	2,030	310	18.4	0.30
No. of beneficiaries on training programmes			14600	16,215	3,030	111.1	1.79
No. of capacity building projects			500	91	14	18.2	0.29
No. of childcare places provided			4600	581	73	12.6	0.20
No. of Local Development projects (Social Risk Capital)			500	0	0	0.0	0.00
Measure :	4.3						
Output			PROGRAM ME COMPLE MENT Target	Predicted	Actual	Pred/PROG RAMME COMPLE MENT %	Ratio
No. of beneficiaries			0	100,494	22,767	-	-
No. of beneficiaries accessing advice, guidance, information on Lifelong Learning/career opportunities			49500	109,610	12,902	221.4	5.73
No. of beneficiaries completing their courses			33016	15,460	1,690	46.8	1.21
No. of beneficiaries gaining a qualification			26235	22,289	5,573	85.0	2.20
No. of beneficiaries gaining part of a qualification (learning credits)			16508	24,180	3,136	146.5	3.79
No. of beneficiaries in work or further learning on leaving			42075	22,431	3,651	53.3	1.38
No. of beneficiaries undertaking basic skills training			8250	25,075	4,801	303.9	7.86
No. of childcare places provided			4600	8,636	393	187.7	4.85
No. of learning initiatives established			400	696	122	174.0	4.50
No. of partnerships/networks established			100	246	109	246.0	6.36
No. of trainers trained			1500	1,521	268	101.4	2.62
No. participating in Lifelong Learning			41270	56,448	15,742	136.8	3.54

Measure :	4.4						
Output			PROGRAM ME COMPLEM ENT Target	Predicted	Actual	Pred/PROG RAMME COMPLEM ENT %	Ratio
No. of temporary jobs			0	25	8	-	-
No. of additional childcare places created			0	1,108	0	-	-
No. of existing learner facilities upgraded			0	48	15	-	-
No. of new learning facilities developed			0	55	24	-	-
No. of shared learning facilities created			0	13	2	-	-
No. of ICT training facilities created/upgraded			0	440	256	-	-
No. of projects developing new learning materials			0	20	5	-	-
No. of projects to upgrade equipment to meet requirements of key sectors			0	21	4	-	-
No. of units of learning accommodation upgraded			0	11,398	10,171	-	-
No. of units of learning accommodation with utilisation of space significantly improved			0	59	9	-	-
No. of new learners into learning opportunities			0	21,544	9,205	-	-
No. of SMEs taking up learning opportunities			0	1,616	288	-	-
No. of feasibility studies			0	1	0	-	-
Measure :	4.5						
Output			PROGRAM ME COMPLEM ENT Target	Predicted	Actual	Pred/PROG RAMME COMPLEM ENT %	Ratio
No. of beneficiaries			7620	7,672	1,700	100.7	2.58
No. of beneficiaries completing their courses			5715	722	30	12.6	0.32
No. of beneficiaries gaining a qualification			305	5,357	197	1756.4	45.01
No. of beneficiaries gaining positive outcome on leaving			0	2,763	1,034	-	-
No. of childcare places provided			1400	3,762	521	268.7	6.89
No. of innovative/demonstration projects			250	49	0	19.6	0.50
No. of unemployed beneficiaries in work on leaving			3048	317	11	10.4	0.27
No. undertaking training in higher level skills/management			1500	211	30	14.1	0.36
No. undertaking training in under-represented occupations			1150	1,119	408	97.3	2.49
Measure :	4.6						
Output			PROGRAM ME COMPLEM ENT Target	Predicted	Actual	Pred/PROG RAMME COMPLEM ENT %	Ratio
Establishment of a Skills Observatory			1	15	0	1500.0	32.29
No. of company level analyses undertaken			15	504	190	3360.0	72.32
No. of dissemination/awareness raising events			30	121	0	403.3	8.68
No. of labour market assessments			10	39	1	390.0	8.39
No. of sector studies			25	334	0	1336.0	28.76
No. of research projects completed			50	103	2	206.0	4.43
Measure :	5.1						
Output			PROGRAM ME COMPLEM ENT Target	Predicted	Actual	Pred/PROG RAMME COMPLEM ENT %	Ratio
No. of gross new jobs in food processing			1500	545	0	36.3	1.00
No. of gross jobs safeguarded			3600	509	0	14.1	0.39

No. of new SMEs receiving financial support	1500	25	0	1.7	0.05		
No. of new companies created in rural areas	1500	25	0	1.7	0.05		
No. of projects supported	63	61	0	96.8	2.66		
No. of projects promoting environmental sustainability in the production and marketing of agricultural produce	15	5	0	33.3	0.92		
No. of primary producers involved in supported projects	11000	4,000	0	36.4	1.00		
Measure :	5.2						
Output			PROGRAM ME COMPLET ENT Target	Predicted	Actual	Pred/PROG RAMME COMPLET ENT %	Ratio
No. of gross jobs safeguarded	6000	1,938	669	32.3	0.81		
No. of temporary jobs	0	234	44	-	-		
No. of participants trained in business development and I.T.	1700	1,507	542	88.6	2.22		
No. of women receiving training	340	280	198	82.4	2.07		
No. of agricultural training schemes promoting environmentally friendly best practice	25	14	7	56.0	1.40		
No. participants completing courses, receiving certification, completing NVQs or units towards NVQs	1275	1,153	221	90.4	2.27		
Measure :	5.3						
Output			PROGRAM ME COMPLET ENT Target	Predicted	Actual	Pred/PROG RAMME COMPLET ENT %	Ratio
No. of gross woodland and timber-related jobs safeguarded	400	237	80	59.3	0.83		
No. of temporary jobs	0	5	2	-	-		
No. of new sustainable woodland management schemes	995	533	65	53.6	0.75		
No. of hectares of woodland brought into sustainable management	10000	6,143	2,113	61.4	0.86		
No. of new community woodlands on non-agricultural land	25	36	0	144.0	2.02		
No. of hectares of new community woodland on non-agricultural land	300	303	0	101.0	1.42		
No. of woodland schemes with community participation	200	343	6	171.5	2.41		
No. of hectares of woodland benefiting from community participation	4000	5,081	111	127.0	1.79		
No. of woodland and timber-related businesses supported	50	159	38	318.0	4.47		
No. of feasibility studies	0	1	0	-	-		
Measure :	5.4						
Output			PROGRAM ME COMPLET ENT Target	Predicted	Actual	Pred/PROG RAMME COMPLET ENT %	Ratio
No. of gross new direct jobs	1700	208	28	12.2	0.25		
No. of gross new indirect jobs	0	16	2	-	-		
No. of gross jobs safeguarded	730	393	133	53.8	1.11		
No. of new and existing SMEs assisted	500	328	192	65.6	1.35		
No. of new companies created in rural areas	670	70	16	10.4	0.22		
No. of projects aimed at enhancing basic services	48	95	27	197.9	4.09		
No. of projects aimed at renovating and developing villages	22	72	26	327.3	6.76		
No. of projects encouraging tourism and craft industries	48	54	25	112.5	2.32		
No. of initiatives addressing issues for the disabled, women and ethnic groups	10	59	19	590.0	12.18		
No. of new or existing community partnerships supported	118	171	95	144.9	2.99		

Measure :	5.5						
Output			PROGRAM ME COMPLE MENT Target	Predicted	Actual	Pred/PROG RAMME COMPLE MENT %	Ratio
No. of agricultural holdings supported			1050	880	59	83.8	2.33
No. of businesses operating at improved efficiency			500	200	0	40.0	1.11
Measure :	5.6						
Output			PROGRAM ME COMPLE MENT Target	Predicted	Actual	Pred/PROG RAMME COMPLE MENT %	Ratio
No. of gross new direct jobs			4500	440	90	9.8	0.26
No. of gross new indirect jobs			0	323	3	-	-
No. of gross jobs safeguarded			990	970	310	98.0	2.64
No. of new SMEs benefiting from support and advice			1700	268	29	15.8	0.42
No. of temporary jobs			0	58	0	-	-
No. of existing SMEs benefiting from support and advice			3950	2,288	544	57.9	1.56
No. of new companies created in rural areas			1330	73	9	5.5	0.15
£k increase in turnover of supported companies			0	8,075	106,000	-	-
No. of marketing and promotion events supported			30	202	76	673.3	18.15
No. of local facilities improved			20	215	16	1075.0	28.98
No. of feasibility studies			0	23	21	-	-
Measure :	5.7						
Output			PROGRAM ME COMPLE MENT Target	Predicted	Actual	Pred/PROG RAMME COMPLE MENT %	Ratio
No. of gross new direct jobs			500	14	9	2.7	0.09
No. of gross jobs safeguarded			0	50	50	-	-
No. of temporary jobs			0	27	13	-	-
No. of access management projects			50	56	36	112.0	3.80
No. of kilometres of managed access			1100	318	55	28.9	0.98
No. of land management projects			150	441	311	294.0	9.96
No. of hectares brought under sustainable management			6000	6,058	2,947	101.0	3.42
No. of kilometres of traditional boundary created or renovated			1000	54	35	5.4	0.18
No. of resource management projects			100	12	1	12.0	0.41
No. of land managers adopting energy efficiency and conservation measures			1000	151	1	15.1	0.51
No. of hectares of buffer zones alongside farm water courses managed			75	5	14	7.2	0.25
No. of feasibility studies			0	3	2	-	-
Measure :	5.8						
Output			PROGRAM ME COMPLE MENT Target	Predicted	Actual	Pred/PROG RAMME COMPLE MENT %	Ratio
No. of gross new direct jobs			200	89	5	44.5	0.79
No. of gross new indirect jobs			570	188	20	33.0	0.59
No. of gross jobs safeguarded			330	920	7	278.8	4.95
No. of temporary jobs			0	2	1	-	-
No. of coastal management schemes supported			25	18	9	72.0	1.28
No. of km of riverine habitats improved			300	359	25	119.5	2.12
No. of visitor management initiatives supported			50	25	2	50.0	0.89

No. of inland angling fishery projects		100	39	1	39.0	0.69	
Measure :	5.9						
Output			PROGRAM ME COMPLE MENT Target	Predicted	Actual	Pred/PROG RAMME COMPLE MENT %	Ratio
No. of gross new direct jobs		130		70	4	53.8	0.83
No. of gross jobs safeguarded		70		177	139	252.9	3.90
No. of aquatic development projects supported		6		2	1	33.3	0.51
No. of new processing units		6		2	0	33.3	0.51
No. of promotion sales and marketing campaigns supported		2		2	1	100.0	1.54
Measure :	6.1						
Output			PROGRAM ME COMPLE MENT Target	Predicted	Actual	Pred/PROG RAMME COMPLE MENT %	Ratio
No. of temporary jobs		0				-	-
No. of km of transport route built/improved		15		2	0	10.7	1.10
No. of public transport schemes improved		4		1	0	25.0	2.58
No. of multi-modal centres receiving support		5		2	0	40.0	4.12
Measure :	6.2						
Output			PROGRAM ME COMPLE MENT Target	Predicted	Actual	Pred/PROG RAMME COMPLE MENT %	Ratio
No. of gross new direct jobs		0		1	1	-	-
No. of new plants assisted		8		1	1	12.5	5.41
No. of new users connected to the network		20000		1,600	0	8.0	3.46
Measure :	6.3						
Output			PROGRAM ME COMPLE MENT Target	Predicted	Actual	Pred/PROG RAMME COMPLE MENT %	Ratio
No. of gross new indirect jobs		0				-	-
No. of jobs accommodated		23700		2,795	500	11.8	0.50
No. of temporary jobs		0		1,060	0	-	-
No. of sq. metres of floor space made available/improved		300000		17,720	2,280	5.9	0.25
No. hectares of land developed		212		74	0	35.0	1.48
No. of large sites supported		10		6	1	60.0	2.53
Measure :	6.4						
Output			PROGRAM ME COMPLE MENT Target	Predicted	Actual	Pred/PROG RAMME COMPLE MENT %	Ratio
No. of gross new direct jobs		100		31	0	30.5	17.13
No. of gross new indirect jobs		150				0.0	0.00
No. of gross jobs safeguarded		0					
No. of hectares of contaminated land rehabilitated		80				0.0	0.00
No. of water efficiency schemes		8		1	0	12.5	7.02
No. of major flood defence schemes		12		1	1	8.3	4.68
No. of properties with reduced flood risk		10000		189	120	1.9	1.06