

Update on the work of the Sub Groups

Purpose

To provide an update to the Regional Investment for Wales Steering Group on the key issues considered by the four newly established sub groups, and issues for consideration in future meetings of these groups.

Background

The Regional Investment for Wales Steering Group agreed in May to establish four sub groups to help inform thinking and generate ideas around specific issues and support the detailed work required to prepare a consultation document and take forward subsequent development work during 2020.

In July, the Steering Group was given an update on the self-nomination process to populate the sub groups with relevant experts from different sectors.

The first meetings of the sub groups began in August (the exception being the Cross Border / International sub group which met in late September); since then, they have been meeting approximately every 3-4 weeks.

The secretariat of each sub group prepares notes and action points from the meetings. Where appropriate, papers and developments are shared across the sub groups to ensure seamless development of the investment framework overall. Summaries of the main issues addressed at each sub group meeting have been co-ordinated to report progress to meetings of the Steering Group. These summaries are set out in the attached Annexes as follows:

Annex A: National Framework Sub Group update

Annex B: Implementation Sub Group update

Annex C: Research and Monitoring Sub Group update

Annex D: Cross Border / International Sub Group update

Much of the content and discussions at the sub groups so far represent early thinking on a range of topics. Key issues are being escalated to the RIWSG accordingly, and will help inform the consultation document for launch in early 2020.

NATIONAL FRAMEWORK SUB GROUP UPDATE

The group is responsible for the development of a design for a functional National Framework for regional investment in Wales in collaboration with other working groups, considering integration and complementarity with other funding streams, assessing impact against the developing policy framework, and considering social innovation; equality; engagement of social partners; and partnership working.

The group has met twice since August, and the following summarises the key issues discussed at these meetings.

Design Principles

Drawing on the feedback from the RIWSG, we have drafted design principles around the Well-being of Future Generations (WBFG) Act. The principles are organised around the five ways of working described in the sustainable development principle¹ and the associated statutory guidance².

Feedback from some sub group members has focused on the need for greater inclusion and consideration of equality specifically beyond the current incarnation of the WBFG Act, including the potential addition of the word to the Healthier and More Sustainable Communities priority area. Additional questions were asked regarding the potential to change the number of proposed priority areas as part of the consultation.

Socio-economic analysis

To help develop the evidence base to underpin policy decisions and the consultation document, a socio-economic analysis is currently underway. A presentation to the sub group on this analysis set out areas for consideration, including productivity, GVA, skills and a variety of data. The sub group discussed this analysis, raising a variety of additional points such as the use of GVA per head versus GVA per hour, analysis of exchange rates, comparison within Welsh Regions and with the rest of the EU/UK, the need to incentivise higher quality jobs, City Demography, deprivation indicators, spatial elements and the need to ensure a strong social element to any interventions or measures.

Future-proofing

Papers detail existing Welsh Government policy, but some sub group members have highlighted the proximity of the start of any future arrangements to the next National Assembly for Wales election, particularly in relation to the potential impact on the four priority areas of investment.

¹ <http://www.legislation.gov.uk/anaw/2015/2/section/5>

² <https://gov.wales/sites/default/files/publications/2019-02/spsf-2-individual-role-public-bodies.pdf>

The sub group believed that as the framework is being based on the Well-being of Future Generations Act, future plans should be able to address any new or emerging political priorities, while the four priority areas were also sufficiently broad enough to address any such changes. .

National Priorities and Outcomes

Given the wide-ranging scope of the four priority areas, consideration to date has been driven by the need to focus on the development of realistic and measurable strategic objectives which can then be prioritised to best contribute to delivering outcomes through the design of effective programmes at the local, regional and national level.

Priority areas have been developed from existing national policy to help frame and identify appropriate strategic objectives. Papers have looked to map existing Welsh Government policies for each priority area, but this work is ongoing and is being informed by collected evidence, sub group comments and stakeholder engagement.

For our immediate purpose of prioritisation, monitoring and evaluation, specific objectives are required under the priority areas. As set out in previous papers to this external group and ministerial advice to Cabinet, our outcomes based approach is based on maximising contribution to the Well-being goals and developing a system which enables and captures these benefits.

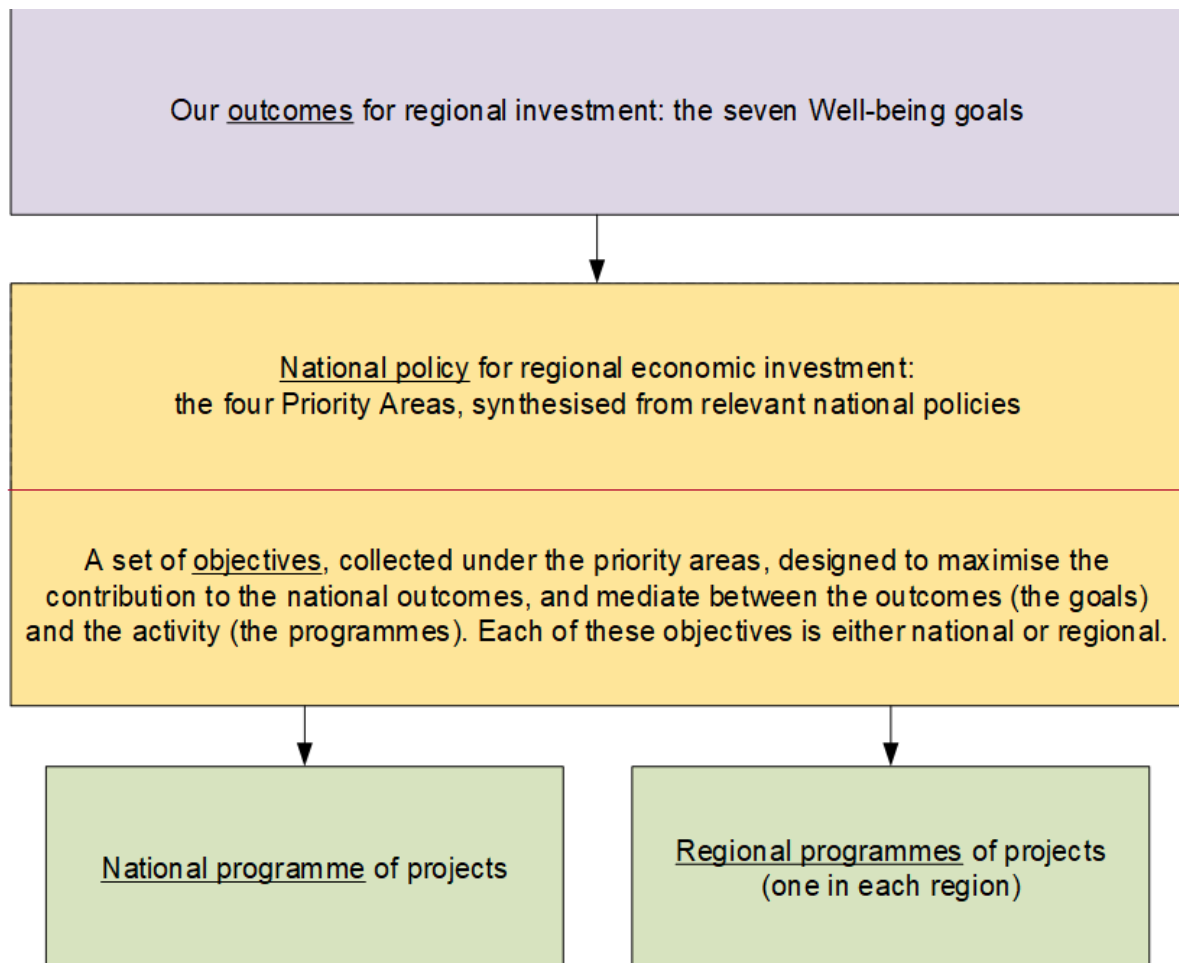
In both the wider academic literature and in recent public policy making, the term 'outcome' has lacked a single definition and been utilised in a variety of different ways. This has led to some confusion amongst sub-group members as to how we are defining outcomes, with the strategic objectives often being referred to as such and negatively impacting progress made.

To rectify this, we have set out below the definitions we would like the steering group to consider for the secretariat to adopt moving forwards to provide that greater degree of clarity:

Outcomes: The Well-being of Future Generations Act sets out the Well-being goals, which are the national level outcomes we intend to use. When documents refer to outcomes, we are exclusively referring to the Well-being goals.

Priority Areas: the four Priority Areas from the ministerial statement which we are directing development of strategic-level objectives to capture activities which will contribute to the Well-being goals.

Strategic Objectives: realistic and measurable objectives developed at either the national, regional or local level to contribute to multiple Priority Areas and Well-being goals.



Division of Responsibilities

The sub group also discussed the need for an appropriate balance between national and regional responsibility and delivery. Much of this discussion was framed within the context of the above outcomes discussion, highlighting the need for joint national and regional input into activities tailored to different interventions.

A paper has been drafted setting out a Planning and Delivery matrix, setting out responsibilities to be held at the national, regional and local level. This is a critical piece of work that will require input from all of our stakeholders and sub-groups. The next meeting will discuss this matrix, which will then be presented to all sub-groups to be considered and populated.

Consultation

A broad outline of the consultation process was presented at recent meetings of the National Framework, Implementation, and Monitoring and Evaluation sub groups; it will also be presented at the next meeting of the Internationalisation/Cross-border working sub group at the end of the month.

Sub group feedback has raised issues around the opportunities and challenges of including a formative set of potential options or, based on the work of the Steering

Group, OECD, and sub-groups to date, more prescriptive and substantive recommendations for consultation.

The sub groups also discussed issues around wider consultation engagement, stressing the importance of engaging new potential beneficiaries and citizens generally. This issue has also been raised during previous meetings of the Steering Group, and a consultation engagement plan is being prepared for discussion at future meetings of the sub groups.

Next steps

The next meeting of the National Framework sub group will be held on 21 October, and will begin defining the intended national, regional and local strategic objectives, considering the Planning and Delivery Matrix, and discussing how we can build on the best practice from our EU programmes, integrating horizontal principles of equality, environmental sustainability and social inclusion in future plans.

Given the size of the National Framework sub group, with around 30 members, a number of smaller groups are being set up to take forward specific areas of work (e.g. drafting, citizen engagement best practice etc). Reporting back to the sub group, these smaller groups will comprise sub group volunteers and experts from across government.

IMPLEMENTATION AND DELIVERY SUB GROUP UPDATE

The Implementation and Delivery sub group was established at the end of July and has met three times to date, once in August and twice in September.

This group has a wide remit. It is responsible for developing arrangements to ensure the effective delivery of the new national investment framework and regional investment plans. It will lead on the development of a common investment rulebook to provide a level and consistent playing field across the regions. Other subject areas include a national assurance framework, IT systems and accessibility, coordination mechanisms between national-regional-local levels, best practice for community led local development and the use of financial instruments.

All of these subjects have been considered by the group and a summary of the comments and views expressed are below. These are still formative given that the sub-group discussions are at an early stage.

National, regional, local delivery mechanisms

The Welsh Government's Written Statement (18 July 2019) on the 'Future of Regional Investment in Wales after Brexit' stated that Cabinet had agreed that the right balance between national, regional and local delivery needed to be achieved for the future of regional investment. It goes on to say that we are committed to seeing greater planning and decision making within our regions.

The National Framework sub-group is looking at what level certain types of investments may take place within the model i.e. at the national, regional and local levels.

The Implementation and Delivery group is looking to see how models will work, so, how can we deliver future regional investment in the best way to Wales' citizens and at what level.

There is synergy between these two groups on this issue and we are looking to facilitate closer engagement between them.

This is a complex area of development which has dependencies with other ongoing work; for example the OECD review, strengthening of local government (e.g. Corporate Joint Committees) and the development of Regional Economic Frameworks.

It is important therefore that any plans on delivery models remain flexible enough to adapt and respond to developments in these areas and any other identified dependencies.

Graham Guilford has provided a paper to the sub-group to help initiate discussions on potential delivery models in a future economic development structure in Wales. The paper gives some practical examples of the way in which potential models

would operate, looking in particular at the relationships between the key stakeholders, decision making processes and key accountabilities. In order to keep things reasonably simple at this stage, only the division between the national and regional levels has been looked at in the paper.

Two potential models for the delivery of funds were discussed in the paper, a client / contractor / sub-contractor model and a conglomerate model.

In the first model, and in the context of a future economic development system in Wales, there are a number of ways in which this could be implemented. At one level Welsh Government could adopt the role of both client and main contractor with regional legal entities appointed as sub-contractors for specifically regional activities and other delivery partners appointed to deliver pan-Wales programmes.

Alternatively, Welsh Government could retain the role of client only. In this case it would define its key priorities in each region together with some key features that must be common, leaving the role of main contractor in each region to approved regional legal entities. The client would retain control of gateway reviews but if the main contractor passes through these, they would then take responsibility for definition of the regional delivery programme (national priorities expressed in the regional context), establishment of the delivery capability, allocation of funding, delivery monitoring and programme review, all of which would, of course, be subject to client controlled gateway reviews if appropriate.

The conglomerate model implies a central, relatively small, holding company and greater ceding of operational control from the centre. The holding company exerts control primarily through allocation of funding and establishment of return on investment criteria. This model can also be seen as one in which operational delivery is controlled where it needs to be – locally – but where the holding company has a high level of discretion over the degree of central control that it exerts and the criteria that it uses to exert that control. It is also not obliged to adopt the same control processes for each operating company or to apply them over the same timescales. The paper also proposes possible generic elements that any delivery model must contain which are - competent regional legal entities, prioritisation mechanisms, sign-off of the 'agreed programme', planning of delivery and funding, delivery and monitoring and, finally, assurance.

As this is such a complex area, views are still forming. Other key comments put forward by the group are as follows:

In terms of regional investment delivery there appear to be options to consider what needs to be delivered at a national, regional or local level. It is necessary though to consider what the issues are that need to be addressed and what change needs to be made to consider the most appropriate delivery model. Flexibility and responsiveness of models to change will also be needed. It is also important not to impose models that are not suitable. A grassroots approach should also be considered to keep people engaged.

There is a need to recognise that there will be diversity across regions which will require flexibility in terms of the approach to regional plans and the priorities identified in any plans.

Employability support was provided as an example of regional delivery where implementation is carried out at a local level to ensure local needs are met. Niche delivery should be considered alongside regional or national delivery but there is a need to ensure there is not too much compartmentalisation. There does not appear to be a one model fits all solution.

Members suggested that the last two Structural Funds Programmes have been more strategic and may have lost some connection that was there when local partnerships were in place so activity in local areas may be less visible.

The future should look at different ways of doing things and how to make regional / national funding available to local people. There is a need to consider how small groups can access funding to deliver locally.

If some funding is going to be allocated regionally, then the relevant bodies will need to have a legal entity status and there will need to be governance structures around these.

There is the possibility of competition both between regions and within regional area and such tensions will need to be managed. Linked to this there should be an effective process to enable and support collaboration across regions. There are a number of existing relationships in place that are key in the current approaches towards all regional economic decision making. This current stakeholder input should be maintained.

Comments were also made that we should align future delivery arrangements with the Ministerial commitment to the development of corporate joint committees and also align with current regional structures and teams.

In terms of some specific delivery issues, the following comments were made:

There needs to be a consistency of approach as to how funding decisions are made across regional areas and the overall delivery model needs to be efficient, agile and able to be tailored to specific regional dimension. There should be agreement of a common set of rules/principles from the outset and apply them consistently.

There should also be proportionality in terms of the processes designed to underpin decision making and a recognition that not all investments require an identical approach.

Best practice model for community led local development (CLLD)

This work is at a very early stage of development and members have made the following key comments on a model for Community Led Local Development (CLLD).

We must clearly define the outcomes we are looking for from future CLLD activities.

Future support should not only look to deliver economic growth, but also look across other priorities such as environmental, social, cohesion, cultural, etc.

The required outcomes should be used to determine the most appropriate delivery model.

We must be able to explain that if intended outcome(s) are not achieved this does not mean that our intervention has failed. We need to admit that learning lessons from unsuccessful projects is actually an outcome we are prepared to accept.

Following on from this, members have commented that it should be recognised that, at the community level, low level interventions often lead to significant returns. It is also necessary to understand that the importance of the outcome is not always proportionate to the sum of money provided.

We must be willing to accept risk in building a meaningful and understandable approach into our future processes. The promotion of innovation that originates from people based in their communities is an important component in a future model for CLLD.

Members have commented that CLLD goes beyond LEADER. There must be a recognition that LEADER as a programme of activity, CLLD and local economic development are not the same thing and all communities will have differing requirements. A place-based approach should be adopted to determine what the focus needs to be at any level of CLLD.

There is a need to consider however what has worked well under LEADER and other regional models for example in Scotland.

There is a need for skills and capacity within communities in order to secure participation and there is a risk that capacity built up in Local Action Groups could be lost.

A number of comments have been made on more detailed implementation arrangements around CLLD. These include the need for flexible and proportionate due diligence and risk assessment, advance payments for third sector applicants, open call arrangements and ring fencing of funding for CLLD activity.

Questions for the consultation have not yet been framed but could look to build on these comments and seek wider stakeholder views on the needs and opportunities for CLLD in a future Wales investment programme, funding approaches and the best practice that needs to be built on, especially around innovation.

A National Assurance Framework

Members have made the following key points on a future national assurance framework.

Overall, members would welcome assurance arrangements that are more proportionate and risk based, earlier in the project lifecycle, reduce duplication of effort and that represent a partnership approach as opposed to an audit approach.

It could be possible to look at a cumulative assurance review process where good governance is established before funding is granted and, once the necessary level of assurance is reached, then checks and balances are removed.

There should be some critical self-evaluation of what has worked well and what didn't work well in current arrangements as these have resulted in lots of resource being devoted to administering the programme rather than on delivering.

Importantly, the point was made that the assurance framework should be designed after it has been decided what is being delivered and how rather than being an up-front developmental activity.

Questions for the consultation have not yet been framed but could look to build on these thoughts and seek wider stakeholder views on opportunities to consider what operates well in the current approach and should be retained and what could be improved further and/or introduced to support a Wales regionalised approach.

IT Systems

Work has been undertaken to consider those applications currently in use across Welsh Government and assess suitability for successor arrangements for regional investment in Wales.

The outcome of that work was that, the system which represents the best fit with future needs at this point in time, is the WEFO PPIMS system for the European Structural and Investment Funds, but with recognition that keeping a wider view on this is important.

PPIMS has been used over numerous EU funding rounds, providing an end-to-end grant management approach and a fully compliant audit function. The external facing portal (WEFO Online) provides external customers with the mechanism for submitting information, fed into the system through the Government Gateway, satisfying the EU Regulations concerning e-Cohesion. The application manages complex projects with multiple beneficiaries and match funding strands and allows for comprehensive financial and output information across all programmes and projects managed within it.

Members had the following observations on any future IT implementation.

When developing our new requirements, a focus group should be considered, calling on a cross-section of stakeholders (both internal and external) to provide a comprehensive view of the current user experience.

Access to the system should be straightforward, with navigation made as simple as possible and plain language used throughout. Entering data and editing data needs

to be kept simple and straightforward and attention must be given to the process in respect of future bulk uploading of information.

Information should be able to be retrieved from the solution to assist in monitoring and management reporting needs in an efficient and effective manner. A suite of reports presenting information held in the solution and consistent presentation of information was set out as key deliverables.

Consider the needs of users and ensure that a comprehensive suite of support is available. Training material needs to be fit for purpose and provided in the most effective of formats.

Support in the use of the solution needs to be readily available and intuitive, taking account of the most up to date technical options to provide such support material and sufficient resource in terms of resolving system failures.

Members also felt that Welsh Government should be seeking to offer a corporate grants / funding management solution, where all financial support provided through WG is managed. Providing core customer information 'once' across the organisation would provide efficiencies and greatly improve visibility.

Access to accurate and timely management reporting and presenting a clear picture of all support being provided to a customer was considered as essential features of a future solution.

Consider restrictions in terms of other IT applications used outside of WG and removing, where possible any obstacles to data-linking, security consideration notwithstanding.

Common investment rulebook

Members were presented with the two key statements in terms of developing a rulebook to administer a future regional investment offer. They were:-

- Our investments will be based on a common set of rules that will be as simple as possible and reflect standards developed and set in Wales, avoiding creating new rules solely for replacement funds.
- We will ensure strengthened, but simplified, project appraisal, monitoring and evaluation processes are put in place to enhance the evidence base, inform delivery, and increase the visibility and oversight of investment plans.

Members had the following observations in respect of a rulebook.

There must be clarity in terms of the function of a future rulebook, in particular is it to provide consistency of approach in terms of the delivery of funding as opposed to selection of future investment proposals.

Members were in agreement that, where possible, we need to reduce the number of and complexity of rules, taking an approach going forward that reflects best practice and also take a proportionate approach in application.

A specific question was posed on whether the Five Case Business Model should be adopted as a standard approach to project appraisal. The group considered that there must be a consistent approach in terms of how investment proposals should be considered and the Five Case Business Model could provide this. We should flex the process to take in the size / scale of a proposal.

There is a need to consider the aims and objectives of the Economic Action Plan and other relevant strategy documents to ensure our 'rulebook' takes account of other Welsh Government-wide strategies and we develop a uniform set of rules.

A common set of rules for Welsh Government sustainable development and equality (cross cutting themes) expectations should be applied across all regions proposals.

Support must be provided at a regional level to tailor where appropriate. Any rules and eligibility criteria must build in Wellbeing of Future Generations Act.

However, members felt that it was important for the rulebook to allow for differing regional needs, either in terms of the delivery arrangements or investment proposals; this could be achieved through either a flexing of the application of a set of rules or establishing bespoke, regional rules.

Members also remarked that it was key to maintain a focus on outcome(s) to be achieved and use this end point to drive the development of the necessary rules. Members felt that the rules put in place shouldn't be an obstacle to delivering the intended outcomes for regions.

There is a need to provide a greater focus on outcome in the early stage of the application process to ensure that projects are not taken through process without a firm understanding of the expected outcome. It should be ensured that the project is consistent with what the Welsh Government is trying to achieve, rather than getting 'bogged down' in a tick-box exercise in terms of the process.

In considering project eligibility members felt that there need to be a greater view in terms of the focus on the difference a successful project will deliver as opposed to the level of funding sought versus outcomes achieved.

This led into setting clarity in terms of the evidence required to ensure projects are delivering successfully. Creating a distinction from the monitoring and evaluation function was considered essential as each are different, but there is sometimes misunderstanding between what goes into the monitoring of a successful project and then the subsequent wider evaluation of a projects outcome. The expected social, economic and environmental factors must be clearly defined to ensure success can be clearly measured through building in the appropriate indicators.

Members all felt that the use of simplified costs in respect of the calculation of eligible costs was vital in ensuring that the administrative burden around the claiming and payment process was manageable. This principle should be adopted in future. Lastly, it was unanimously agreed that any future rules will need to be understood by broad audience, plainly written, with the minimum use of acronyms.

Financial Instruments

The issue of Financial Instruments will be discussed in detail by the group in October.

In the meantime, we have sought views of the group regarding whether we should be aiming, as far as possible, for regional investment funding to be utilised in a way that ensures an evergreen, lasting, legacy approach so that funding can be recycled and its life prolonged.

The sub group felt that a broad range of funding mechanisms should be used going forward, utilising the most appropriate funding vehicle that best suits both the outcome expected and status of the organisation involved.

Members also felt that as grant funding has been used widely in the past, that it would be important that where we agree that other funding approaches are to be employed that we clearly communicate our rationale with stakeholders.

MONITORING AND EVALUATION SUB GROUP UPDATE

The M&E sub-group has met on three occasions (15 August, 2 and 23 September), and this annex summarises the discussions held to date and agreed way forward.

Strengths and weaknesses of current monitoring and evaluation system

The group agreed that in the last funding programme the number of indicators was reduced and this limited their value particularly as the scope for projects remained the same. There are also concerns that indicators can influence what you get. The current level of data capture was seen as a strength but it was felt the data is underused and there are calls for improvements in any future investment model around making anonymised data available to projects and other organisations to analyse. Suggested improvements covered business case development, in particular the logic model and building in evaluative thinking.

Aims of the monitoring and evaluation framework

The group agreed the following as the high-level principles of a future monitoring and evaluation system:

- Ensure the provision of evidence on the performance of the regional investment system at the national, regional and project level.
- Balance between learning and accountability.
- Encourage the use of the highest quality evaluation methods wherever possible.
- Encourage the use of evidence and analysis throughout the policy cycle.
- Be proportionate.
- Consider as broad a range of outcomes as possible within constraints of resource and methodological feasibility.
- Ensure there is sufficient capacity in different areas of the system and identify ways to make best use of the capacity available.
- Ensure all parties understand their responsibilities in relation to monitoring and evaluation and, furthermore, understand how their activity contributes to the overall aims of the M&E framework.
- Be underpinned by a system of support and guidance that enables all parties to discharge their responsibilities effectively.
- Ensure evaluation findings are published in a timely manner and are easily accessible.
- Wherever possible, adopt indicators that are comparable across geographic areas.

Distribution of responsibilities

The group felt that due to the unique characteristics of community led local development it would need its own consideration which will be carried out by this group separately.

The group agreed that should funding be devolved to regions, there should be mixed responsibilities around monitoring and evaluation. In this case, Welsh Government should set the overall structure and provide guidance in collaboration with the regions/local areas. There should be national indicators developed in collaboration with partners, which allow the projects some flexibility to pick additional indicators to help evidence the value of their work, the group agreed these could be used over a number of projects. It was seen as desirable that regional or Welsh Government evaluation teams should have enough capacity to provide the necessary help and support to projects and make strategic decisions on the need for project evaluation. There is also scope for peer reviews and project 'buddies' to help disseminate good practice. It was felt that particularly in the case of community led local development the process should not be so onerous to deter smaller groups from participating.

Project level evaluations

Members of the group felt there was a case for investment in additional evaluation capacity at either the regional or Welsh Government levels (depending on the structure) to provide earlier and greater levels of support to projects on evaluation issues. It was noted that, historically, projects have varied in their capacity to plan and manage evaluations. In turn, the central WEFO RME team is limited in the amount of support it can provide to projects. It was suggested that the cost of doing this would be comparatively minimal in terms of both the overall money spent and the potential benefits which improved evaluation could bring in terms of learning and helping set the strategic direction. There was a discussion around establishing communities of learning and support to include Welsh Government and regional evaluation teams when they are established. This support could be given to projects where there was no evaluation expertise allowing projects to concentrate on delivery. There was a consensus that we need to ask what difference the project has made overall. The group were in favour of being more flexible about evaluation requirements to ensure that the approach to evaluation was appropriate and proportionate to the project being evaluated. In addition concerns were raised by the group that there is not a huge supply base for evaluation consultants in Wales.

Monitoring Systems

The group discussed a paper on different types of monitoring systems which could be used for any future regional investment approach. The group agreed the need to align with the Well-being of Future Generations Act as we could look to measure wellbeing and perhaps shift away from GDP; it was advised that the last programme had positive outcomes which would be applicable. There was a feeling that we need to look at the logic model for the intervention and the types of indicators need to be suitable for the projects. The group discussed that in order to help deliver outcomes there needs to be population indicators which will not be applicable to just one project. Population indicators will also help remind people the purpose of the funding. The group discussed the need for longer term thinking which they felt could be achieved via data linking particularly as projects are not resourced for this. The

group discussed tracking businesses and suggested the new system should be able to capture where businesses have multiple interventions. Concerns were raised over whether this would drive out innovation and that you will only get what you measure.

Role of beneficiary surveys

The group felt there was still a need for beneficiary surveys and they should be carried out at a national level, due to potential capacity concerns at regional and project level. It was also felt that some projects could be grouped together in surveys. Concerns were raised on the rate of return and it was felt some work was needed with survey agencies to ensure they were being robust. It was noted that telephone surveys do not always achieve the desired response rate, and that other options should be considered, such as smart phone apps to help address this. The group agreed data linking should be investigated and pursued but noted the limitations on access to relevant data; e.g. DWP and HMRC.

Project Level Indicators

The Cross Cutting Themes (CCTs) suite of indicators was used as an example of how a future system could be shaped where there could be core indicators and an additional suite of indicators which projects could choose from. There was a general consensus that we need to draw out further learning from this but there needed to be clear guidance so that people have a common understanding and we don't end up comparing apples and pears. The conversation moved on more generally and the group felt that CCTs need to be mainstreamed going forward.

Going forward

The plan for the next couple of meetings is for the group to have a presentation on the goals, indicators and milestones for the Well-being of Future Generation Act. There are also plans to discuss how an outcomes-based approach could be captured in a monitoring and evaluation framework. In addition, there will be a monitoring and evaluation paper on community led local development and finally the format of the consultation from a monitoring and evaluation perspective.

INTERNATIONAL AND CROSS BORDER SUB GROUP UPDATE**Emerging principles**

Based on the 'Initial questions for discussion' paper and the first meeting of the sub group the following principles (in no particular order) have been identified. These are subject to change as discussions continue.

- International and cross border working includes Wales co-operating at the intra-UK, UK, European and global levels.
- International and cross border working can accelerate and enhance activity in all four broad priority areas for future regional investment.
- International and cross border working should be integrated into, rather than isolated from, any future investment programmes ('in the DNA'), building on approaches such as the 'stairway to excellence' currently used for the Structural Funds and Horizon 2020.
- The approach should reflect the policy framework (e.g. Well-being of Future Generations Act, International Strategy, National Framework) but implementation should allow opportunity led interventions, led by principles rather than prescription.
- The long-term benefits of supporting 'relationship building/influencing/best practice' activity should be recognised as well as the need to support a culture change in Welsh organisation's approach to international and cross border working.
- Activity should build on established opportunities such as European Territorial Co-operation, Horizon 2020, Erasmus+ and Creative Europe and new or untapped opportunities where justified.

Further discussion

There are a number of areas which are recognised as important but will need further discussion.

- Implementation models: there appears to be a spectrum between mechanisms to support flexible, 'bottom-up' activity and formal cross-border/multi-lateral programmes. There appears to be a role for strategic principles to guide all investments along that spectrum.
- Designing out issues: integrating international and cross border working will accelerate and enhance the benefits of other regional investments but there is a risk that the regional implementation system and/or rule book could create unintended barriers to international and cross border activity, e.g. partner countries accessing IT systems, 'out of area' spend.
- Funding: experience suggests that without specific funding the approach to international and cross border working will be limited and non-strategic, and significant opportunities will be missed. There is a need to consider how to resource this activity and the evidence to justify that resource.

- Outcomes: international and cross border working will accelerate and enhance activity in all four broad priority areas for future regional investment but the specific activities will not always deliver direct economic benefits, such as increased competitive funding, or will deliver benefits over a long timescale. The monitoring and evaluation of any future programme will need to recognise and support this.