

ISLE OF ANGLESEY COUNTY COUNCIL	
Report to:	Executive Committee
Date:	18th July 2016
Subject:	EU Funded Capital Projects (2014-2020)
Portfolio Holder(s):	Cllr. Richard Dew
Head of Service:	Dylan J. Williams
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Local Members:	Island wide issue

A –Recommendation/s and reason/s
<p>The EU referendum outcome has created an environment of enhanced uncertainty, with limited clarity on the nature, timing, and outcome of negotiations to exit the EU. The political and funding landscape is now completely different and it is almost impossible to accurately predict what the implications of the EU Referendum will be because of the uncertainty. EU funding is vital to future prosperity and the Welsh Government have sought a guarantee from the UK Government that Wales will not lose out financially following withdrawal from the EU. Clarity is required on how significant EU funds will be replaced, particularly for those parts of Wales which are most deprived (including Anglesey). Key messages from Welsh Government in relation to EU structure funds are that they remain open for business; maintaining focus on implementing current programmes; are continuing to approve projects; and encouraging potential project sponsors to continue with their project development. As a result, the pre-referendum recommendations which follow remain valid.</p> <ol style="list-style-type: none"> 1. The Executive supports the development and delivery of the portfolio of capital projects targeting European Funding. 2. That the authority to accept offers of grant funding from Welsh Government and other sources for the projects outlined in Table 1 of Annex A, is delegated to the Head of Service (Regulation and Economic Development) in consultation with the Section 151 officer. 3. The Executive support the inclusion of the EU Tourism Attractor Destination and the Building for the Future sub-projects in the Council’s 2016-2020 capital programme, and approves a contribution of £80k towards the match funding the Holy Island Visitor Gateway project. 4. The Head of Service (Economic & Community Regeneration) in consultation with the Section 151 officer establishes project delivery governance arrangements in preparation for funding approval. 5. The Executive supports the role of the County Council to act as an intermediary for Menter Mon and the Menai Bridge Heritage Trust to secure external funding to

enhance Prince's Pier and for the RSPB in relation to the visitor centre at South Stack.

6. Request that the Corporate Assets Group review all options for the redevelopment of the Llangefni Shirehall building.

The above recommendations are made to the Executive to ensure that Anglesey residents and businesses are given the best possible opportunity to benefit from the capital investments afforded to the Island from the current EU Structural Funding Programmes (2014-2020). The Isle of Anglesey County Council has a long and successful track record of utilising EU Funding to implement projects which promote economic development and job creation.

B – What other options did you consider and why did you reject them and/or opt for this option?

With the need to make financial efficiencies continuing, greater emphasis is placed on external funding to progress Corporate Objectives, in particular '*Anglesey has a thriving and prosperous rural economy*'. The Regulation and Economic Development Service (REDS) has identified project development as a key priority, developing project proposals and robust business plans to secure external funding support.

Anglesey is well placed to secure EU funding support given the inward investment, new job creation, and growth opportunities associated with the Energy Island Programme (EIP). The key challenge is to ensure that:

- infrastructure investment is targeted to provide the conditions for growth.
- local businesses take advantage of the supply chain opportunities.
- local people have skills to take up the job opportunities created.

The priority projects developed by the IACC Regulation and Economic Development Service (REDS) are the culmination of a lengthy project development process that has been undertaken over the past 18 months. The Service has adopted a needs driven approach to identify priority interventions, and followed the Five Case Model methodology in the development process ensuring options appraisals are undertaken prior to the identification of the preferred schemes.

The **North Wales Economic Ambition Board (NWEAB)** has responsibility for prioritising and endorsing projects submitted for approval. There is a competitive process in place to access capital funding from the Welsh Government led pan-Wales strategic projects, and Council officers have engaged regionally to ensure that Anglesey priorities feature in the regional portfolio of priority interventions. The development of the Holy Island International Visitor Gateway [roposal is a key example of this process at work.

To date, business plans have been developed and submitted for the Welsh Government led **Tourism Attractor Destination Programme**, and the **Building for the Future** physical

regeneration scheme. A full breakdown of the sub-projects included in these strategic programmes are included in *Section 4 of Annex A*.

Business planning has been undertaken on **Sites and Premises** schemes with the former Môn Training site at Bryn Cefni and the Heliport site at Penrhos being the priority projects for IACC. Detailed designs, full costings and planning consents have been secured for these schemes. However the funding route is not as clear and discussions are ongoing.

C – Why is this a decision for the Executive?

The authority to accept grant offer letters is the responsibility of the Executive but can be delegated to the relevant Head of Service in consultation with the Section 151 officer.

Bids were submitted to the IACC Capital Programme (2016-2020) in the latter stages of 2015 for capital match funding. The Holyhead **Market Hall, Llangefni and Holyhead Strategic Infrastructure projects** were supported. Although the bid for Holy Island Visitor Gateway (Weighted Rank 35) was unsuccessful, it was noted that the bid for £80,000 over 2 years from the County Council could lever in additional external funding totalling £4 million, and should therefore be considered.

Further projects (town centre buildings) were requested for inclusion in the WG led Wales Building for the Future Programme, and additional projects have since been progressed for consideration. An options appraisal was undertaken by IACC officers which resulted in the **Llangefni Shire Hall** (currently in IACC ownership), the **Princes Pier** (Menter Mon), and the former **Woolworth Building** in Holyhead (Private sector) being identified/ included.

If successful in attracting EU funding, the finance, delivery expectations and risks would lie with the IACC (see a risk assessment included in Section 5 of Annex B). Adequate conditions would have to be imposed on the third party delivery organisations. Similar approaches have been undertaken over recent years. Options for appropriate governance arrangements and grant conditions are currently being scoped in addition to a comprehensive risk management plan.

The approval of the Executive is sought to deliver a portfolio of EU funded projects (and their inclusion in the 2016-2020 capital programme).

D – Is this decision consistent with policy approved by the full Council?

The recommendations made are consistent with the IACC standing orders which regulate the procedures for grant funding. Clause 4.8.4.5 on Payment of Grants and Transfer Payments states:

“In the case of grants and other payments where the Council has discretion as to whether to make payment or the amount of the payment, the payee and amount of each payment must be authorised by the Executive or any other Committee to which the relevant budget is delegated. The Executive or Committee may further delegate the authorisation of such payments, with written procedures approved by the Head of Function (Resources) / S151

Officer”.

DD – Is this decision within the budget approved by the Council?

The decision will become part of the IACC Capital Programme (2016-2020) and future activity relating to project implementation will be monitored in line with the capital programme governance.

E – Who did you consult?		What did they say?
1	Chief Executive / Strategic Leadership Team (SLT) (mandatory)	Assurances were sought on the relationship between the IACC and Third Party deliverers.
2	Finance / Section 151 (mandatory)	Emphasised the need to consider revenue implications going forward and the need for a robust risk management strategy.
3	Legal / Monitoring Officer (mandatory)	
5	Human Resources (HR)	
6	Property	
7	Information Communication Technology (ICT)	
8	Scrutiny	
9	Local Members	
10	Any external bodies / other/s	

F – Risks and any mitigation (if relevant)

1	Economic	All proposed schemes are predominantly economic development schemes and will therefore not need mitigation.
2	Anti-poverty	By virtue of being economic development projects, the schemes will indirectly contribute to the anti-poverty agenda.
3	Crime and Disorder	
4	Environmental	
5	Equalities	
6	Outcome Agreements	
7	Other	

FF - Appendices:

Annex A – EU Funding Update Report

G - Background papers (please contact the author of the Report for any further information):



CYNGOR SIR
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ANNEX A

EU FUNDED CAPITAL PROJECTS (2014-2020)

UPDATE REPORT

Prepared: June 2016

**Author:
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1. Purpose

- 1.1 Update on progress made to secure external EU funding support to implement projects that will contribute towards the IACC'S corporate priorities.

2. Context

- 2.1 The Isle of Anglesey County Council has a long and successful track record of utilising EU Funding to implement projects which promote economic development and job creation. Since 1996, the Council has built up a reputation for being a competent and effective delivery organisation.
- 2.2 EU Funding programmes target job creation and economic growth, with the County Council utilising funding opportunities to add value to its discretionary/ non-statutory activities in different Service areas (i.e. Economic & Community Regeneration, Lifelong Learning, Planning, Social Services, Highways etc.).
- 2.3 Wales will benefit from around £1.8bn European Structural Funds investment between from 2014 to 2020. ERDF funds help support research and innovation, the competitiveness of small and medium-sized enterprises, renewable energy and energy efficiency, and connectivity and urban development. ESF funds will help tackle poverty by helping people into work, increasing skills and supporting young people.

3. Project Development update

- 3.1 With the need to make financial efficiencies continuing, greater emphasis is placed on external funding to progress Corporate Objectives, in particular '*Anglesey has a thriving and prosperous rural economy*'. The E&CR Service has identified project development as a key priority, developing project proposals and robust business plans to secure external funding support.
- 3.2 Anglesey is well placed to secure EU funding support given the inward investment, new job creation, and growth opportunities associated with the Energy Island Programme (EIP). The key challenge is to ensure that:
 - infrastructure investment is targeted to provide the conditions for growth.
 - local businesses take advantage of the supply chain opportunities,
 - local people have skills to take up the job opportunities created
- 3.3 The Welsh Government have given regional structures increased responsibility to prioritise and endorse projects submitted for approval. The **North Wales Economic Ambition Board (NWEAB)** undertakes this responsibility (with representation from the Public, Private, and Voluntary sector). The IACC has embraced and supported this new way of working.
- 3.4 A portfolio of regional projects have been developed in the region. A significant focus has been on developing education and training programmes and a number of ESF projects have been developed: TRAC NEETs project (11-

19yrs); AD-TRAC (16-24yrs), OPUS Employment Scheme (Over 25yrs); Leadership and Management scheme, and the Skills for Employers (SEE).

- 3.5 In relation to ERDF capital infrastructure projects, the majority of EU funding has been allocated to WG strategic projects. Local Authorities respond to ‘calls’ from the WG to identify, prioritise, and develop schemes which could access/ utilise funding support. This work is co-ordinated through the Economic Ambition Board.
- 3.6 To date, business plans have been submitted to the Visit Wales led **Attractor Destination Programme**, and the WG Homes & Places **Building for the Future** physical regeneration scheme.
- 3.7 Business planning has been undertaken on **Sites and Premises** schemes with the former Môn Training site at Bryn Cefni and the Heliport site at Penrhos being the priority projects for IACC. Detailed designs, full costings and planning consents have been secured for these schemes. However the funding route is not as clear.

4 WEFO Project Approvals

4.1 Approval for two WG led schemes (**EU Attractor Destination** and **Building for the Future**) was secured in March 2016. Competing local projects now need to submit further information (as part of the business planning process) to secure approval. Individual project approvals will not be made until mid-summer at the earliest.

4.2 Local projects being developed are (**Table 1**):

Project	Cost	Sub-scheme	Owner	Revenue Implications
Holy Island Visitor Gateway (Attractor Destination)	£4M	Terminal Promotion	IACC	In negotiation Stena to assume
		Town Centre Properties	Private	Property Owners assume
		Church Environs	Church	Current commitment
		South Stack Visitor Amenity	RSPB	RSPB assume
		Breakwater Country Park	IoACC	Current commitment
		Holyhead Head Mountain	IoACC	Current commitment
Building for the Future	£8.8m	Holyhead Market Hall	IoACC	Campus site approved by Exec
		Llangefni Shirehall	IoACC	Current commitment but Asset. Mangement will need to consider
		Princess Pier, Menai	Menter	Ownership in Menter

		Bridge	Mon/MB Heritage Centre	Mon and it will assume all revenue consequences
		Others to be identified through Reserve scheme process		
TOTAL	£12.8m			

5.0 Risk Management

5.1 With regard to Revenue Implications, both schemes are in the main dealing with assets and commitments that already exist, or alternatively are not the responsibility of the Council. Additional implications will only arise in the following areas:

- Grant Clawback due to non-compliance - increased scrutiny by WG and WEFO before they proceed to resolve eligibility or state aid issues.
- Grant Clawback due to inadequate implementation - it mitigated by establishing experienced and knowledgeable project teams with sound governance arrangements.
- Contract overspend – as above, utilise knowledge, processes and governance to delivery within contract values will be the responsibility of the delivery boards.
- Third party schemes - those anticipated are Princes' Pier to Menter Mon and the Menai Bridge Heritage Centre, the Visitor Centre Development at South Stack to RSPB and the Holyhead Town Centre properties to the property owners. The transfers and use will be regulated by grant Agreements that will indemnify the County Council from any actions by the owners that would make the expenditure ineligible.
- Maintenance - of display boards at the Holyhead Terminal, negotiations are ongoing with Stena.
- The development of the Shirehall into unit/units for commercial letting could have a longer term revenue implication if not able to rent out or to eventually sell off. The Asset Management Group will need to fully explore all the options available.
- Delivery Staff Costs – The project funding allows for the employment of project delivery staff.

6 Executive Approval

- 6.1 Bids were submitted to the IACC Capital Programme (2016-2020) in the latter stages of 2015 for capital match funding. The Holyhead **Market Hall, Llangefni and Holyhead Strategic Infrastructure projects** were supported. Although the bid for Holy Island Visitor Gateway (Weighted Rank 35) was unsuccessful, it was noted that the bid for £80,000 over 2 years from the County Council could lever in additional external funding totalling £4 million, and should therefore be considered.
- 6.2 Additional projects have since been progressed in response to the WG Building for the Future Programme. Further projects (town centre buildings) were requested for inclusion in the all Wales proposal. An options appraisal was undertaken by IACC officers which resulted in the **Llangefni Shire Hall** (currently in IACC ownership), the **Princes Pier** (Menter Mon), and the former **Woolworth Building** in Holyhead (Private sector) being identified/ included.
- 6.3 If successful in attracting EU funding, the finance, delivery expectations and risks would lie with the IACC. Adequate conditions would have to be imposed on the third party delivery organisations. Similar approaches have been undertaken over recent years. Options for appropriate governance arrangements and grant conditions are currently being scoped in addition to a comprehensive risk management plan.

7 Conclusion

- 7.1 Three potential EU capital infrastructure schemes have been endorsed by the Executive Committee as part of the IACC Capital Plan Programme i.e. Llangefni Sites and Premises; Holyhead Sites and Premises; Holyhead Market Hall. The Holy Island Visitor Gateway project was also recommended for approval as a reserve scheme if funding became available through the programme.
- 7.2 Since the Capital Programme was discussed by the Executive, a further 3 projects have been developed and submitted by the E&CR Service to the recent WG 'call for proposals' and require Section 151 and Executive approval - Llangefni Shire Hall Building, Princes Pier Menai Bridge, and the Woolworths Building Holyhead.

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