

ISLE OF ANGLESEY COUNTY COUNCIL

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| Committee: | Economic Development, Tourism and Property Scrutiny Committee |
| Date: | 20th November 2012 |
| Corporate Director: | Arthur Owen |
| Portfolio: | Cllr. Bryan Owen |

Post-2013 EU Structural Funding Programme (West Wales and the Valleys)

1.0 Purpose of Report

1.1 To seek Scrutiny Committee Members views on the approach being taken to influence the post-2013 EU Structural Funding Programme.

2.0 Issues for Scrutiny

- a). What more should IACC officers be doing to prepare for the post-2013 EU Structural Funding Programme?
- b). Consider how resources and capacity can be maintained across IACC to ensure associated opportunities are capitalised on fully.

3.0 Background

3.1 The Isle of Anglesey County Council has successfully utilised EU Funding to implement projects which add value to its provision of non-statutory services since 1996. During this time, it has built up a reputation for being a competent and effective delivery organisation, whilst also supporting and facilitating access to EU Funding by external organisations on the Island.

3.2 EU Structural Funding (part of the EU's Cohesion Policy), aims to reduce regional disparities in income, wealth and opportunities. The funding is targeted at the most deprived regions of the EU (i.e. those economies falling below 75% of the EU GDP average). The financial assistance aims to stimulate economic development and achieve structural change.

3.3 Since 1 January 2000, Anglesey (as part of West Wales and the Valleys region) has qualified for the highest level of financial aid through two consecutive Structural Funding programmes. The EU Objective One programme (2000-2006), followed by the EU Convergence Programme (2007-2013). Despite investment, the average GDP remains below 75% of the EU average. It is now almost certain that West Wales and the Valleys will qualify once more, ensuring the continuation of the highest level of EU funding intervention between 2014-2020.

3.4 This report seeks to update members on the process, timescales, activities and key considerations if Anglesey is to capitalise fully from post-2013 EU Structural Funding.

4.0 Context

4.1 The preparation of post-2013 EU Structural Funding programmes is taking place when the economy is facing bleak growth forecasts, and the potential risk of another recession. The Eurozone is experiencing financial crisis, with several member states, in particular those countries which have substantial Government debt, benefiting from financial rescue packages.

4.2 Public sector finances are reducing, with the Isle of Anglesey County Council experiencing significant annual reductions to its core budget. This places increased importance on accessing external funding to progress and deliver the Council's Corporate Objectives, in particular that of '*Anglesey has a thriving and prosperous rural economy*'.

4.3 EU Structural Funding programmes target job creation and economic growth, covering a wide spectrum of interventions which contribute towards broader regeneration outcomes. EU Structural Funding is therefore relevant to many County Council services, with Economic Development, Education, Social Services, Highways and others currently involved in the delivery of projects.

4.4 The Economic Development Unit (EDU) has a number of roles in relation to EU Funding, building experience, capability, and credibility, whilst being supported by key corporate services. The key activities are:

- Co-ordination and leadership through Specialist European Team (SET) providing EU project related advice, guidance, assistance and support;
- The development and delivery of EU Funded projects;
- Collaborating and influencing the Welsh Government in relation to EU policy and programme development to ensure they meet local and regional needs and opportunities;
- Collaboration at the North Wales level (through the Economic Ambition Board) to improve positive economic impacts;
- Communicating opportunities and the positive impact of EU Funding to the Island's residents, businesses and organisations.

5.0 Current EU Position

5.1 The post-2013 EU Funding programmes draft regulations are currently going through the EU Parliament, and will be subject to negotiation with the EU Council and EU Commission. The regulations cannot be finalised until the EU Budget (2014-2020) is approved. This process has been delayed by the financial crisis, with final agreement unlikely until spring 2013. This will be followed by a legislative sign-off period (c. 6 months), and the submission of the UK Partnership Agreement and Operational Programmes (including West Wales and the Valleys) to the European Commission. The new programmes are unlikely to commence until spring 2014.

5.2 If the EU Parliament, Council, and Commission endorse the current draft regulations there will be significant changes to the delivery of the 2014-2020 programmes. These can be summarised as:

- More ‘joined up’ approach between all 4 funds (ERDF, ESF, Rural and Fisheries Funding) through a Common Strategic Framework;
 - Greater thematic concentration – target more money on fewer priorities (emphasis on Research & Development, low carbon energy, and SME Competitiveness);
 - More effective spatial targeting via local and regional delivery models;
 - Greater streamlining and simplification, with common rules and processes;
 - Better engagement with local government for development and delivery.
- 5.3 With increasing emphasis on policy alignment between Welsh Government and the EU Commission, the likely priorities in Wales for 2014-2020 EU Structural Funding are:
- Research and Innovation (ERDF)
 - SME Competitiveness (ERDF)
 - SMART Infrastructure (ERDF)
 - Renewable Energy and Energy Efficiency (ERDF)
 - Education, Skills and Lifelong Learning (ESF)
 - Helping People into Work (ESF)

6.0 Wales Level Activity

- 6.1 Structures have been created to inform and influence the development of post-2013 EU Programmes. The European Programmes Partnership Forum (EPPF) is a formal stakeholder group to oversee the strategic direction for the new programmes. Four expert work-streams have been established to formulate the detail. Foremost of these is the Operational Programmes Work-stream, which is currently working on strategy, priorities and intervention areas. Dylan Williams – Head of Service (Economic Development, IACC) is a nominated member of this Group.
- 6.2 To influence future delivery structures, the Welsh Government recently commissioned the ‘Guilford Review’ into implementation arrangements of EU Funding programmes in Wales. The suitability of existing structures are currently being assessed. It is likely that the current emphasis on large projects delivering on a regional basis will continue.
- 6.3 On the collective behalf of local government in Wales, the WLGA and its EU Advisers have been influencing future EU Programmes by:
- Drafting amendments to EU Parliament reports;
 - Briefing Welsh MEPs;
 - Engaging with EU Commission and Welsh Government officials;
 - Participating in Welsh Government and WEFO forums;
 - Engaging with other UK nations and regions;
 - Responding to a wide range of consultation documents; and
 - Engaging with other sectors.
- 6.4 A report was approved by the WLGA Coordinating Committee (27th July 2012) establishing a clear Welsh local government position in relation to post-2013 EU Funding Programmes. The key commitments can be summarised as:
- Local Authorities to adopt a regional approach to the consideration of activities, interventions and delivery models for the new EU Programmes;

- WLGA to facilitate a Local Government Event (December 2012) to share regional priorities and inform the Welsh Government formal consultation;
 - Establish Members Task and Finish Group to oversee the work programme.
- 6.5 An overview of the key stages in post-2013 EU programme development and required action/ response from the IACC is outlined in **Annex A**.
- 7.0 IACC Activity**
- 7.1 The IACC Economic Development Unit is actively involved in strategic planning processes through the Operational Programmes work-stream. The Specialist EU Team (SET's) responds to relevant consultations, collaborating with the WLGA and WEFO to influence future programmes.
- 7.2 The SET's is also involved in a programme evaluation exercise, collaborating with other Local Authorities. The aim is to evaluate the effectiveness of the current EU Convergence Structural Funding programme in North and Mid Wales, together with the contribution made by SET's in facilitating programme delivery. It is anticipated that findings will be reported in late November 2012.
- 7.3 Economic Development Officers have also been identifying and evaluating potential future thematic interventions to support job creation and economic growth. This process is on-going and will be seeking input from other IACC Service areas. The outcome will be integrated to create a North West Wales priority list for future EU post-2013.
- 7.4 The jobs and growth opportunities associated with the Energy Island programme will be key. In recognition of the scale of potential positive economic impacts, WEFO (the Wales European Funding Office) have been collaborating with Economic Development and the Energy Island Programme to achieve alignment that will hopefully lead to project approvals and EU Funding support.
- 7.5 Future interventions will also be aligned with the *Economic Ambition: A Strategy for Change*, which provides the overall strategic framework for economic development across North Wales.
- 7.6 IACC have been pro-actively engaged in North Wales regional collaboration, with the internal project development process being shared and replicated as good practice within other North Wales authorities. An initial thematic project priority list for Anglesey is enclosed in **Annex B**.
- 7.7 Despite engaging and pro-actively preparing for the new opportunities, concerns exist at the IACC's ability to take full advantage. As previously outlined (section 4.2), the public sector financial position places greater importance on external funding opportunities, but critically also stifles its abilities. With capacity and capability (staff and financial) reducing, consideration must be given to how the IACC can utilise its budget to secure future EU Structural Funding between 2014-2020.

8.0 Conclusion

- a) The IACC is a competent and effective delivery organisation for EU Structural Funding projects.
- b) West Wales and the Valleys is likely to qualify one last time for the highest level of EU Structural Funding intervention (2014-2020).
- c) The new programmes are unlikely to commence until spring 2014.
- d) Work is being undertaken to influence future EU Structural Funding strategy and delivery in Wales.
- e) The Economic Ambition Board will have a key role in ensuring North Wales benefits fully.
- f) The jobs and growth potential of the Energy Island Programme has to be aligned fully with the post-2013 EU Structural Funding programme.
- g) Future capacity and resource availability within IACC to capitalise fully on post 2013 Structural Funding programme is a concern.

Officer Name: Aled Davies
(on behalf of Dylan J. Williams)

Job Title: Principal Development Officer (EU Support)
(on behalf of HoS Economic Development).

Department: Economic Development Unit

30th October 2012.

Annex A

| TIMESCALE AND KEY STAGES AND REQUIRED ACTIONS IN PREPARATION FOR FUTURE EU STRUCTURAL FUNDING PROGRAMMES 2014-20 | | |
|---|--|---|
| Month | Activity | Actions |
| 2012 | | |
| June/ December | Develop draft Operational Programmes for Wales (Structural Funding) | <ul style="list-style-type: none"> • Influence the drafting of the Operational Programmes via continued engagement with developments on the European Partnership Forum, work streams and Task and Finish Groups • Development of Regional priorities, key projects and preferred delivery models for North Wales (to align with Economic Ambition Board Strategy and Key Priorities) • Influence the development of delivery and implementation models to promote sub-regional and local delivery. • Input into the Guilford Independent Review. • Hold a North Wales Workshop Event late November to identify and promote key strategic priorities. • Input into WLGA Event on future EU Funding in December |
| November | Draft Operational Programmes to be considered by Work-streams and EPPF | |
| December | Draft Operational Programmes for Wales (Structural Funding) to be considered by Welsh Government Cabinet | |
| 2013 | | |
| January / March | Public consultation on the Draft Operational Programmes for Wales (Structural Funding) | <ul style="list-style-type: none"> • Seek endorsement of North Wales Economic Ambition Board to regional response on the draft Structural Funding Operational Programmes • Continue to review and influence the content of the final documents • Position the region for managing and delivering EU funding programmes • Review project governance arrangements for the delivery and management of funding |
| February / April | Public consultation on Draft UK Partnership Agreement | <ul style="list-style-type: none"> • Support the WLGA in forming a response on the Partnership Agreement. |
| Spring | Agreement on EU Budget 2014-2020 | <ul style="list-style-type: none"> • Review implications with WLGA to assess impact on likely levels of funding in Wales • Continue project development activity |
| Autumn | Agreement on Legislative Package (including regulations) for 2014-2020 programming period | <ul style="list-style-type: none"> • Review implications with WLGA • Continued project development activity |
| July / December | Submission and negotiation of UK Partnership Agreement, UK Operational Programme for Fisheries Funding, Structural | <ul style="list-style-type: none"> • Continued project development activity • Work up governance arrangements in readiness for approval of new programmes |

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|------------------------|---|--|
| | Fundings Operational Programmes for Wales and Rural Development Plan for Wales to European Commission | |
| 2014 | | |
| Spring | Approval of new programmes | <ul style="list-style-type: none"> • Finalise governance Structural and submit strategic projects for EU intervention |
| Autumn / Winter | Start of new programmes | <ul style="list-style-type: none"> • Be ready! |

Annex B

DRAFT PORTFOLIO OF POTENTIAL PROJECTS AND INTERVENTIONS THAT COULD CAPITALISE ON POST 2013 STRUCTURAL FUNDING

1. Background

Anglesey faces a number of future economic challenges and opportunities. As a result of considerable future public and private funding could be available to facilitate the delivery of projects and interventions to enable jobs and economic growth. Together with considerable private sector investment, the aim is to secure economic transformation.

The IACC has a long standing (and successful) history of securing external funding to support the Island's economy. Whatever the funding source or governance mechanism, we have to recognise that delivery is local. There is an expectation on the EDU to continue to provide leadership on the identification and development of transformational projects that will support and enable jobs, growth and wealth creation.

The EDU has therefore identified a draft portfolio of potential projects and interventions. The deliverables will underpin the EDU's 'development' work programme for the foreseeable future. Delivery and implementation will be enabled by whatever means, programme, or initiative possible. The identified projects will also provide the basis for the IACC's involvement in collaboration work in this area across North Wales through the Economic Ambition Board.

The process has been driven by needs, opportunities and potential benefits / impacts (i.e. jobs and growth).

2. Purpose

The purpose of this draft document is to outline potential projects and interventions that the EDU have identified which could capitalise on future external funding opportunities, namely post 2013 EU Structural Funds. This portfolio of project ideas could enable future jobs and economic growth for the people of Anglesey and North Wales.

This document is not final and will be subject to further review.

Theme 1: ENERGY & EFFICIENCY

1.1 Ynys Werdd:

Seize upon commercial opportunities arising from the low carbon economy to improve Anglesey's energy efficiency and reduced carbon footprint. Ensure synergy with Enterprise Zone Prospectus.

Potential projects could include:

- a) Empty Property Energy Efficiency Pilot Project:
Inform developments in promoting energy efficient empty shops/retail shops to reduce costs and promote new business set-ups (instead of reduced rates);

- b) Develop business support scheme enabling businesses to become more energy efficient and operationally sustainable. Also develop tradeshow style event of Anglesey companies involved already, i.e. Turbine Transfers;
- c) Energy Efficiency project for Industrial Premises / Council Premises (similar to above Empty Property Scheme).

**** There is potential for private sector delivery partner/s ****

1.2 SMART Grids / District Heating Networks:

Development of SMART grids within local communities to exploit the potential of energy generation / distribution, increasing energy efficiency in buildings. Wide consumer benefits include efficiency, reliability, cost-effectiveness and sustainability.

Potential projects could include:

- a) Low Carbon Demonstration project in a local community. Include an energy efficient retrofit of a community building as well as utilisation of a SMART grid in the village. For example, Land and Lakes Leisure development proposal in Holy Island (with linkages to Anglesey Aluminium site, Penrhos Industrial Estate, Parc Cybi and residential areas);
- b) Upgrade capacity within Scottish Power network (across Anglesey and North Wales spatial area).

**** There is potential for private sector delivery partner/s ****

Theme 2: RESEARCH & INNOVATION

2.1 Innovation Hub:

Development of Integrated Centres would harness the innovative potential of local businesses and graduates allowing them to develop new technology to enter new markets, address their aging products and services to stimulate their competitiveness.

This will promote a culture of innovation, establish new ways to collaborate both regionally and nationally and find solutions to challenges together.

Potential projects could include:

- a) Virtual Innovation and Research Hub;
- b) Coleg Menai, Llangefni campus expansion;
- c) Bangor University expansion of facilities in Menai Bridge;
- d) Greater inclusion of Anglesey schools;
- e) Sector Support.

**** There is potential for private sector delivery partner/s ****

Theme 3: SME COMPETITIVENESS

3.1 'Môn Enterprise Growth Initiative':

Targeted support for existing businesses in North Wales identified as having growth potential, including support for the development of clusters and supply chains, action to address barriers to growth and advice/support with regard to internationalisation of businesses.

Potential projects under programme could include:

- a) Business Mentors / Coaches: Business development to assist current SMEs to expand and grow. Assist individuals to start and grow their business. Opportunity to open in new markets, filling gaps in economy;
- b) Business Accreditation Support: Identify and enable new and existing businesses to gain accreditation that would enable them to compete for large / public sector contracts. Benefits include recognition of competence, compliance and performance capability. This will boost local economy and allow local business to grow and be more competitive;
- c) Entrepreneurship Start up Scheme: Low interest loan fund for traditional start-ups (repayment of which aims to sustain an Anglesey and North Wales loan fund for the future);
- d) Inward Investment: Attract new companies to open branches / relocate to the Island and North Wales – particularly Energy and supply chains;
- e) Develop Skills in the Supply Chain: Includes “nuclearizing” the supply chain, assessing and meeting the training and learning needs of employers and employees in the local supply chain associated with Energy Island developments;
- f) Develop business support programmes for construction companies in North Wales to prepare them to tender for works within the nuclear new build programme. Support for DYFODOL, which works directly with SMEs to develop skills;
- g) Digital Business Support Programme: Highlight the advantages of using the digital economy (online selling, e-marketing etc.), including training provisions to assist local businesses/ start-ups in this area;
- h) Smarter Business project (linked with Digital Economy / Energy Efficiency);
- i) Establish and maintain an electronic North Wales Business Directory;
- j) Development of local produce marketing, co-ordination and supply chain - link to a 'Buy Anglesey' loyalty scheme;
- k) Social Enterprise Support Programme.

**** Regional programme would need to synergise, build upon and add value to all-Wales Welsh Government support programmes ****

Theme 4: INFRASTRUCTURE

4.1 Strategic Sites and Premises:

To develop a dynamic and diverse business community.

In providing business premises we will encourage and support business development and allow room for growth and prosperity

- a) Develop the right infrastructure on Anglesey to encourage investors, improve access and enable businesses to grow.
- b) Develop Bryn Cefni Business Park to maximise potential of EZ Status and future growth;
- c) Develop improvement plans and specific site infrastructure improvements;
- d) Managed workspace;
- e) Inward investment enablers: substantiate one of the infrastructure enhancement projects to enable inward investment. Constraints currently being mapped.

4.2 Strategic Transport:

- a) Bwcabus (smart transport);
- b) Improve road and rail on Anglesey: Formulation of strategic options which meet the future needs and requirements of the Island in relation to the new developments and EZ sites;
i.e. A5025 and corresponding cycle route, A55 to Llangefni roundabout, Gaerwen access;
- c) Port of Holyhead: Detail subject to completion of Port Masterplan.

4.3 Access to and exploitation of the Digital Economy:

To realise transformational impacts of 'new' technologies on our economy, community life and future society. Developing tangible benefits which will add value and maximise impacts of the digital economy. Develop interventions to capitalise upon opportunities associated with improved delivery of information and services and the changing focus of integration and participation.

Potential projects could include:

- c) Maximise on the BT Broadband roll-out ensuring any gaps can be covered. Investigations into 'white space' technology (like Cambridge Consortium) for improved rural broadband provision. <https://www.superfastcornwall.org/> is funded by BT, EU funds and Cornwall Council. It is the largest ever build of superfast broadband infrastructure in the world and will enable access to all 250,000 premises in Cornwall and the Isle of Scilly;
- d) Digital Infrastructure Improvement – Enabling Anglesey to compete at the highest levels of business by providing (in conjunction with providers) the best/most modern digital infrastructure solutions. This includes 3G & 4G

development.

4.4 Physical Regeneration:

To support development of Island's economic and social wellbeing by driving economic development and social inclusion.

Transforming into vibrant towns as well as developing further socio-economic regeneration by improving the physical environment to develop real benefits to people who live, visit and work in the area.

- Target areas where poor and underused buildings can be regenerated;
- Enhanced streetscapes;
- To attract new businesses;
- Increase footfall and boost local economy;
- Town Branding.

**** To be aligned with new Welsh Government Regeneration Policy ****

4.5 Visitor Infrastructure:

Progress DMP's priority areas / interventions to enhance / develop the contributions of tourism sector to the local economy.

- a) Further development of Coastal Infrastructure;
- b) 'A Unique Green / Eco Project for Anglesey' – similar to Eden Project.
- c) Support local heritage attractions – add value;
- d) Support big events (develop Mona Showground as an events arena i.e. Dog Racing track);
- e) Ambassador/volunteer 'Greeter' scheme as done Worldwide. Also, The Falmouth Cruise Ship Ambassadors linking to cruise activities.

Theme 5: EMPLOYMENT, SKILLS & BRIGHTER FUTURES

5.1 'Môn Future Skills':

A programme of projects that complement what is already on offer as it seems a lot of agencies are involved in this area already. It would need to focus on the strengths and opportunities of the Island's economy as well as addressing key skills shortages that are holding the Island's development back. The projects within the programme including:

- a) Prentis Menai Expansion: Develop local Apprentice Scheme to provide work-based training opportunities designed around the needs of the employer whilst providing a nationally recognised qualification. The Schemes are designed to increase workplace skills and experience whilst providing employment for young people and focusing on the energy sector. Funded (or part) with all size employers for school leavers or NEETS (16-

- 24). Providing a route into work for those with lower skills and furthest from labour market; Expand engineering and construction apprenticeships;
- b) Skills for Anglesey: Working with Anglesey's largest employers and key growth sectors to address the skills they need including Wylfa, Land Lakes, Energy, Stena, Tourism, Marina, Coastal. Would include paid placements and skills workshops; Ensure sufficient, high quality engineering and construction training (non-apprenticeship) places exist locally for adults and young people to meet demand from the growing energy sector; Skills brokerage;
 - c) Future Jobs: Placements for graduates / unemployed with work experience to re-enter work and gain relevant experience in their chosen career area. Potential to assist SMEs with capacity building i.e. marketing, business graduates. Coupled with development of web based directory / portal of interested local enterprises, the aim is to increase local employability whilst improving profitability of a business;
 - d) STEM Champions; Appoint a nominated lead to provide face to face guidance and ensure the promotion and delivery of impartial careers education, information, advice and guidance for learners and the wider community about skills needed in STEM careers including the energy sector; Enhance 14-19 collaboration on the STEM agenda to increase participation in and focus on STEM pathways ; Lead the development of a strategic approach to STEM; develop clear STEM related pathways through school and through further study and/or training locally at FE (Further Education) and HE (Higher Education); promote a strategic and coordinated approach. Curriculum development required from all partners;
 - e) Additional FE Vocational Training: EI investments will generate many new employment opportunities, direct and indirect. Additional funding to FE providers will ensure these demands are met and benefits are maximised;
 - f) Energy Centre Phase 2: Build a second phase to the Energy Centre to provide electro-mechanical engineering facilities for major power production. The Centre would be developed to provide a realistic industrial environment;
 - g) Marine Training Facility: Await the outcome of Energy & Utility Skills discussion on the development of a Marine Training facility and possibly develop capability to support the requirements of the offshore energy providers and Wylfa;
 - h) Passport to Work.

**** This would be better delivered at a Regional level ****