

ISLE OF ANGLESEY COUNTY COUNCIL

Committee:	Partnership and Regeneration Scrutiny Committee
Date:	25 September 2013
Portfolio Holder:	Cllr. Aled Morris Jones
Corporate Director:	Arthur W Owen
Title:	Economic Development on Anglesey: Overview, Opportunities & Challenges

1. Purpose of Report

- 1.1 The purpose of this report is to summarise the economic development opportunities on Anglesey and outline how the Isle of Anglesey County Council's (IACC) Economic Development Unit (EDU) is responding within a challenging and uncertain public sector environment.

2. Anglesey's Economy

Current Position

- 2.1 The Isle of Anglesey has long suffered from a declining economy and pockets of significant socio-economic deprivation which has resulted in:
- Declining levels of GVA (60.5% of the National UK average);
 - Limited presence of major employers and occupational groups with a reliance on public sector employment;
 - High levels of youth unemployment (10.7% of 18-24 year olds);
 - High levels of economic inactivity (22.7% of the working age population);
 - High levels of youth outmigration and an aging local population;
 - High percentage of the working population on incapacity benefit;
 - Continued low level of new business formation (6.5% in comparison to Wales rate of 7.8%);

Figures obtained from InfoBase/ Nomis Official Labour Market Statistics

- 2.2 The recently completed '*Economic overview of the Isle of Anglesey: A data analysis of the Island*' (Local Government Data Unit Wales, 2013) illustrates the challenges in more detail. (*Currently being translated for publication*)

2.3 Despite the challenges, the prospects for jobs and economic growth on Anglesey are considerable, with the IACC's response being co-ordinated with the 'Enterprise Island Framework', key components of which include:

- Energy Island Programme;
- Enterprise Zone status;
- Welsh Government Programmes;
- EU funding;
- Substantial private sector investment/ interest;
- Destination Management Planning;
- Regeneration.

Economic Outlook

Private Sector

2.4 The outlook for Anglesey is positive transformational economic and social change with the private sector is eager to invest on an unparalleled scale.

2.5 The private development/ investment drivers behind this potential transformational and social change can be summarised as:

Potential Transformational Drivers		
Project	Developer	Location
New Nuclear Build	Horizon Nuclear Power	Wylfa, North West Anglesey
Rhiannon Offshore Wind Farm	Celtic Array	19km of North Coast of Anglesey
North Wales Connection	National Grid	Wylfa – Pentir (Gwynedd)
Skerries Tidal Stream Array	Marine Current Turbines	Carmel Head, North West Anglesey
Wylfa Decommissioning	Magnox	Wylfa, North West Anglesey
Penrhos Leisure Village	Land & Lakes	Penrhos, Holyhead
Biomass Power Plant & Eco Park	Lateral Power	Anglesey Aluminium Holyhead
Waterfront Development	Stena Line & Conygar Investment Company	Newry Beach, Holyhead
Parc Cybi – Mixed Use Development	Conygar Investment Company	Parc Cybi, Holyhead
Menai Science Park	Bangor University	To Be Confirmed
Fast Wales high speed broadband	BT & Welsh Government	Island Wide

Mobile Coverage	Mobile Operator	Island Wide
Water supply system and capacity improvements	Welsh Water/ Developers	New employment and development sites
Electricity Transmission Network enhancement	Scottish Power/ Developers/ IACC/ Welsh Government	Lines and substation serving new employment sites and housing developments. Connection of low carbon electricity generation schemes.

2.6 The EDU are working closely with the private sector to enable the proposed developments, enable opportunities to be capitalised upon by local people and businesses, and ensure appropriate mitigation for any negative impacts.

2.7 Significant work is on-going to maximise community benefits from the potential new nuclear build and other major developments to support the Island's sustainability and improve the overall quality of life. The potential scale of community benefits has recently been announced by the UK Government Minister for Business and Energy Michael Fallon (Minister for Business and Enterprise and Minister of State for Energy). The EDU are currently preparing a '*Community Benefit Contribution Strategy and Policy*', to inform and enable a consistent, equitable and transparent approach to maximising local benefits.

Public Sector

2.8 To ensure local people, communities and businesses capitalise fully on the positive transformational economic and social opportunities public sector intervention is key. The EDU have been working closely with key partners to influence the development of Post 2013 EU funding programmes, which have a clear focus on sustainable jobs and growth. The opportunities have also been recognised by the Welsh Government through the Anglesey Enterprise Zone designation.

2.9 Welsh Government support and intervention is essential to enable Anglesey to deliver the Enterprise Island vision.

2.10 The public and private sector drivers outlined above, neither of which can be delivered in isolation, are key to delivering the Enterprise Island vision for a strong and vibrant economy to create jobs and prosperity for local residents and communities securing the quality of life for future generations.

2.11 In addition required support infrastructure investment to ‘enable growth and development’ is outlined in the table below:

Potential Transformational Drivers		
Project	Developer	Location
Menai Science Park	Bangor University	To Be Confirmed
Fast Wales high speed broadband	BT & Welsh Government	Island Wide
Mobile Coverage	Mobile Operator	Island Wide
Water supply system and capacity improvements	Welsh Water/ Developers	New employment and development sites
Electricity Transmission Network enhancement	Scottish Power/ Developers/ IACC/ Welsh Government	Lines and substation serving new employment sites and housing developments. Connection of low carbon electricity generation schemes.

3. IACC Role and Responsibilities

3.1 It is the role of the IACC, in partnership with the community and key stakeholders to ensure opportunities are capitalised upon, whilst responding effectively to the challenges.

3.2 The overarching aim is *‘to promote and protect the interests of the Island, its citizens and communities’*, providing leadership in delivery of five strategic objectives:

- **Anglesey has a thriving and prosperous rural economy;**
- People in Anglesey achieve their full potential;
- People in Anglesey are healthy and safe;
- People in Anglesey enjoy, protect and enhance their natural and built environment;
- People in Anglesey will be proud of their Council

3.3 The IACC’s objective of delivering a thriving and prosperous rural economy will primarily be delivered through the Enterprise Island Framework, the Authorities vision for a strong and vibrant economy to create jobs and prosperity for local residents and communities. New local employment has consistently been identified by the Island’s residents as a key priority within a number of public consultations over recent years.

3.4 The Enterprise Island Framework is co-ordinated through the Economic Development Unit (EDU), in close partnership with the private sector, Welsh Government and other key internal/ external partners.

4. Economic Development Unit Overview

4.1 Fully aligned with the Corporate Strategic Objective of '**ensuring that Anglesey has a thriving and prosperous rural economy**' the EDU aims to capitalise fully on the emerging opportunities, developing a strong and vibrant economy, creating jobs for future generations, and improving overall quality of life.

4.2 The EDU is a non-statutory service which forms part of the Sustainable Development Directorate and consists of 42 staff members (20 core, 21 contract, and 1 income). This equates to 37.6 FTE. (See Annex A for structure).

4.3 The EDU's 2013/14 core budget stands at £2,349,000 (£1,339,000 Revenue/ £1,010,000 capital). The core budget is supplemented with external funding of £1.6M (£1,100,00 Revenue/ £500,000 capital). This external funding has been secured from numerous sources:

- EU Convergence Programme;
- EU Interreg Cross Border Programme;
- Rural Development Plan;
- Welsh Government Môn a Menai Regeneration Programme;
- Horizon Nuclear Power;
- Celtic Array;
- National Grid;
- Nuclear Decommissioning Authority.

4.4 In line with corporate savings requirements the EDU to date have met 100% of the savings target (totalling an average of £92, 000 per annum during the last 3 years) and will again be required to make a saving of between 7-10% on the core budget next year. As a result there will be a reduction in available resources to deliver the Unit's Business Plan, with increasing importance on securing external funding and utilising the core funding as 'match' to progress the IACC's Enterprise Island aspirations.

4.5 The Energy Island Programme (EIP) also sits within the EDU consisting of 2 FTE staff and 4 Part Time Collaborative Posts. The EIP has been successful in securing a second growth bid of £300k p.a. (2013-2016) and as a result capacity and activity is expected to increase.

5. Enterprise Island

- 5.1 The Enterprise Island Framework has been established to enable interactions, alignment and co-ordination through three distinct programme areas, namely the Energy Island Programme, Destination Management Plan and broader Regeneration Programme, as outlined in the Organisational Breakdown Structure in Annex B.
- 5.2 In delivering the Enterprise Island Framework the EDU has a facilitatory and leadership role to develop the transformational opportunities, whilst ensuring residents are well informed, consulted and given the opportunity to shape the Island's social and economic future where appropriate. This relationship is key to maintaining and developing the IACC's reputation with potential developers and local communities.

Energy Island Programme

- 5.3 The Energy Island Programme (EIP) is a collective effort between the public and private sector to put Anglesey at the forefront of energy research, development, production and servicing (as outlined in the Organisational Breakdown Structure in Annex C).
- 5.4 The EIP has the potential to make significant contribution to UK and Welsh Energy policy, creating a low carbon economy, and providing economic growth for Anglesey and North Wales through pursuit of the following objectives:
- Production: Investing in low carbon energy production to help secure a stable energy future for Wales;
 - Demonstration: Establishing world-class facilities to place Anglesey as a leading location for low carbon energy innovation and demonstration;
 - Servicing: Ensuring that local companies and people benefit and take advantage of opportunities from new energy investments.
- 5.5 The investments include the potential new nuclear build at Wylfa, Rhiannon Offshore Wind Farm and Penrhos Leisure Village. (See Annex D for Map illustration)
- 5.6 The potential is to create 2,500 net additional jobs by 2025, alongside 6,000 constructions jobs and a major contribution to GVA. This represents a contribution of £2.34 billion to Anglesey and the sub-regional economy in the period up to 2025.

- 5.7 In delivery of the EIP the EDU's key functions are:
- Overarching programme co-ordination;
 - Effective Communication, engagement and information sharing;
 - Private sector engagement and support;
 - Strategy and Policy Development;
 - Define/ develop major energy legacy aspirations;
 - Supply chain, skills and infrastructure development support.
- 5.8 The EDU's 2013/14 priorities in delivering the EIP are:
- Effective EIP governance;
 - Policy alignment to support transformational change;
 - Define, identify and develop the IACC's major energy legacy aspirations (statutory and non-statutory) in relation to major energy developments;
 - Support and Progress the Education & Skills, Supply Chain and R&D and Infrastructure workstreams;

For further information please see:
<http://www.anglesey.gov.uk/business/energy-island/>

Destination Management Plan

- 5.9 The Tourism sector annually contributes £249m into the local economy supporting over 4, 000 jobs on the Island.
- 5.10 The Destination Management Plan (DMP) is a collective public and private effort to co-ordinate all aspects that contribute to a visitor's experience on the Island, whilst taking account of the needs of residents, businesses and the environment. The DMP fully aligns with the Welsh Government 'Strategy for Tourism: A Partnership for Growth's' (<http://wales.gov.uk/docs/drah/publications/Tourism/130613partnershipforgrowthen.pdf>) vision for the industry and Government to work in partnership to increase visitor spend in Wales. The DMP sets the parameters for tourism development on the Island (2012-2016), with the aim of creating a destination that is:

'Internationally known for its beautiful coast, heritage and distinctive culture; easy to get to but rewardingly different. A family holiday destination and a market leader for outdoor activity tourism of all sorts. Plenty going on at all times of the year, whatever the weather, with a lively, living culture. A place that features in the media for the quality of its food, hospitality and interesting places to stay. An Island that cares for its natural assets and welcomes visitors.'

5.11 In delivering the DMP it is anticipated that the Island's tourism product will continually grow by 1-2% per annum, equating to a 10% growth in income and the creation of between 200 to 400 FTE jobs. (N.B. Figures do not include the development of Penrhos Leisure Village)

5.12 In delivery of the DMP the EDU's key functions are:

- Overarching co-ordination;
- A consistent Anglesey brand;
- Private sector engagement and support;
- Effective communication and marketing;
- Project development/ delivery capacity;
- Strategy and policy development (local, regional and national)
- Development of visitor infrastructure.

5.13 The EDU's 2013/2014 priorities in delivering the DMP are to:

- Ensure effective DMP governance;
- Promote Anglesey as a destination including the distribution of the Visit Anglesey Brochure and associated literature;
- Launch new destination website;
- Deliver externally funded projects to develop the Island walking, cycling and coastal infrastructure;
- Invest in public toilet facilities at popular locations on the Island.

For further information please see:
<http://www.anglesey.gov.uk/business/destination-anglesey/>

Regeneration Programme

5.14 The EDU's Economic Regeneration Programme provides an integrated response to the challenges and opportunities to achieve economic transformation. The regeneration programme is aligned to enable and support the potential transformational opportunities.

5.15 In delivering the Regeneration Programme the EDU's key functions are:

- Strategic Infrastructure Development;
- Town Centre Regeneration;
- External engagement and support;
- Project development and delivery;
- Business support (grants);
- Influencing public policy and programmes;
- EU support, advice and monitoring;
- Strategy and Policy development (local, regional and national)

- 5.16 Delivery of the Regeneration Programme is dependent on the securing of external funding, e.g. EU, Welsh Government, Nuclear Decommissioning Authority etc. Although core resources are reducing the availability of funding to match external resources is essential and should be a key consideration by the IACC in future financial profiling. Providing match funding will significantly enhance the IACC's budget providing opportunities which without this investment would not be feasible.

For further information and updates on the work of the Economic Development Unit please see <http://www.anglesey.gov.uk/>

6. Collaboration

- 6.1 The challenging reductions to public services and government expenditure highlight the need to better utilise the resources available to make a greater impact on the North Wales Economy.
- 6.2 In response to the challenging public sector environment, concerns about the performance of the North Wales economy relative to other parts of Wales and the UK and the need to improve performance and strengthen economic growth the North Wales Economic Ambition Board has been established (with other partners and the private sector).
- 6.3 The Board brings together the six North Wales Local Authorities with the aim of establishing North Wales as a confident and outward looking region with a diverse and high value economy, providing a range of quality, sustainable employment opportunities for its people, clearly illustrating the commitment to collaboration within the region.
- 6.4 In improving the region's economic performance, the Board provides the opportunity for the six local authorities to better organize themselves and avoid duplication.
- 6.5 The IACC is represented on the Board by Cllr. Aled Morris Jones (Economic Development Portfolio Holder) and Dylan J Williams (Head of Service – Economic Development).

A copy of the North Wales Economic Ambition Board Strategy '*North Wales Economic Ambition: A Strategy for Change*' can be found at: [http://democracy.anglesey.gov.uk/Data/Board%20of%20Commissioners/20120723/Agenda/\(Enclosure%20'FF'\).pdf](http://democracy.anglesey.gov.uk/Data/Board%20of%20Commissioners/20120723/Agenda/(Enclosure%20'FF').pdf)

7. The Future - Impacts/ Outcomes

- 7.1 The scale of planned investment creates a positive long-term outlook with economic growth, sustainable jobs and improved social well-being. These outcomes can drive positive transformational change by reducing poverty; creating vibrant rural communities; enabling young people to reach their potential; preventing rural out-migration/ de-population. These are essential components which contribute towards sustaining and growing the Welsh language, local traditions and culture.
- 7.2 From a North Wales perspective Enterprise Island can contribute towards regional transformation; providing justification to improve regional connectivity; create credible and effective infrastructure; and create a sustainable low carbon economy.
- 7.3 In summary Enterprise Island will achieve positive transformational change by:
- Maintaining momentum, capacity and capability;
 - Sustaining public/ private positive collaboration;
 - Enhancing utilities infrastructure capacity;
 - Delivering planning consents;
 - Using statutory and non-statutory means to create benefits;
 - Creating jobs for local people;
 - Enabling businesses to capitalise on supply chain opportunities;
 - Achieving integrated public service response;
 - Understanding cumulative impacts, challenges and opportunities.
- 7.4 In supporting the delivery of the Enterprise Island framework the EDU's future priorities are to (subject to change and resource/ capacity availability):
- Influence public policy & programmes;
 - Develop and deliver projects to support the Island's economy and enable major investment;
 - Secure EU (& external) funding;
 - Maintain private sector engagement;
 - Define and develop major energy legacy aspirations;
 - Ensure maximum benefit from S.106 Agreements;
 - Influence and secure Community Benefit Contributions;
 - Develop the Island's tourism offer and manage a consistent Anglesey brand;

8. Conclusion

- 8.1 As a result of the opportunities associated with the Enterprise Island Framework, underpinned by the Energy Island Programme, Enterprise Zone status, Welsh Government Programmes, current and future European funding streams and anticipated substantial private sector investment, Anglesey is presented with an unprecedented opportunity to make a positive change upon its long term economic prosperity.
- 8.2 Significant progress has been made to date, however we cannot rely on private sector investment alone public sector intervention is essential if the Island is to fully capitalise on the significant private sector investment. Maximising the opportunities is dependent on securing external funding to enable and support the developments. During this period of reducing public sector resources it is essential that the IACC recognise the need to provide sufficient match funding availability in order to lever in significant public and private sector investment.
- 8.3 The Enterprise Island Framework is a positive change driver for the whole authority and it is essential that the IACC capitalise upon the opportunities to create jobs and secure long term prosperity and improved quality of life for future generations.

9. Recommendations

- 9.1 It is recommended that the Scrutiny Committee:
- 1. To note the content of the report and recognise the importance of the unprecedented economic transformation opportunity presented and the IACC and EDU's role in delivering the Enterprise Island vision;**
 - 2. To recognise the key role of the IACC and EDU in ensuring local people, communities and businesses capitalise fully on the future opportunities;**
 - 3. To recognise the need to safeguard resources and capacity within the EDU to support the delivery of the Enterprise Island vision;**
 - 4. To recognise the need for IACC financial resources as match funding to secure future EU and other resources to progress Enterprise Island.**

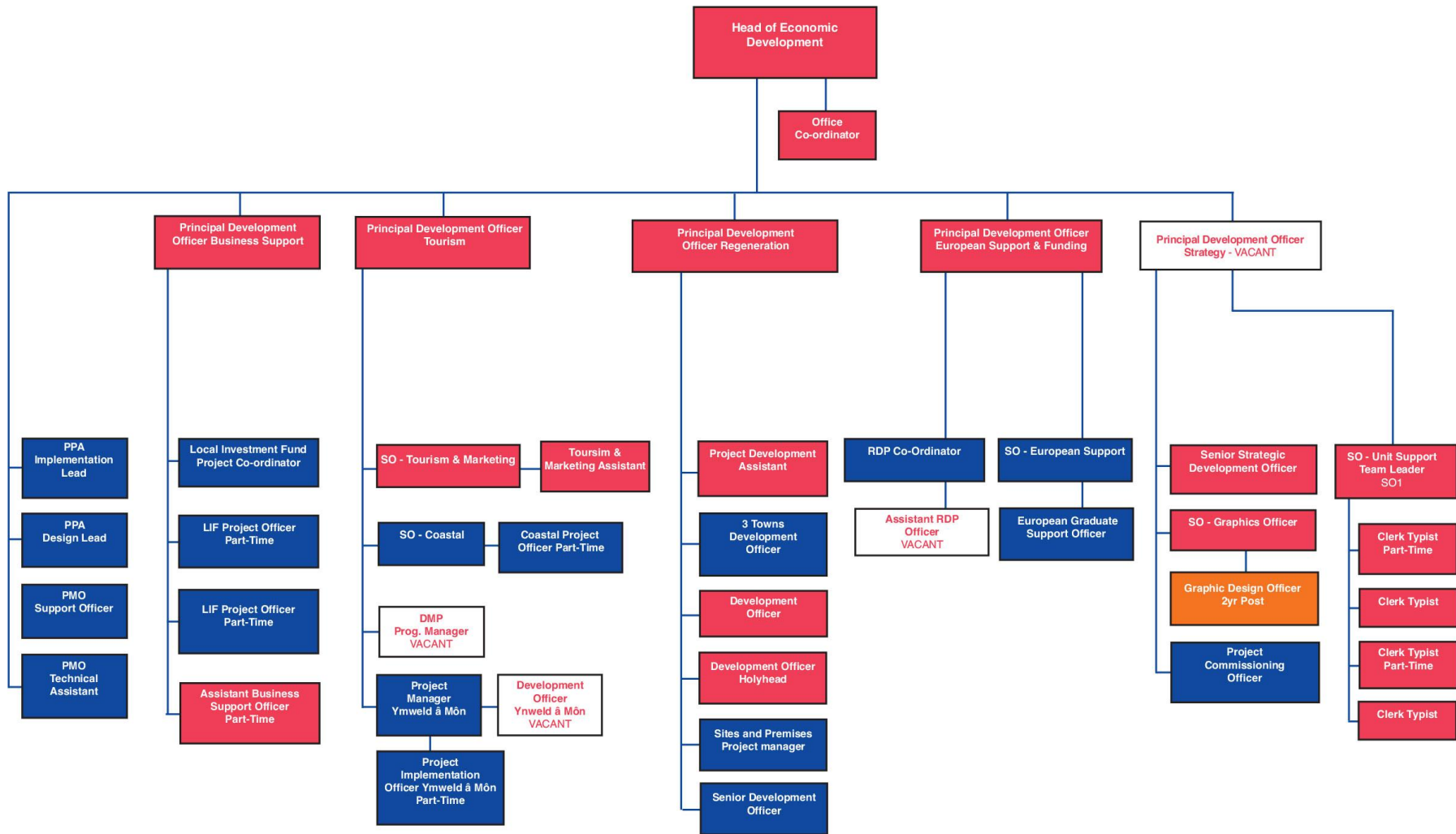
Report by: Liz Davies (on behalf of Dylan Williams Head of Service – Economic Development)

Job Title: Senior Strategic Development Officer;

Department: Economic Development

Date: September 2013

**Annex A –
Economic Development Structure**



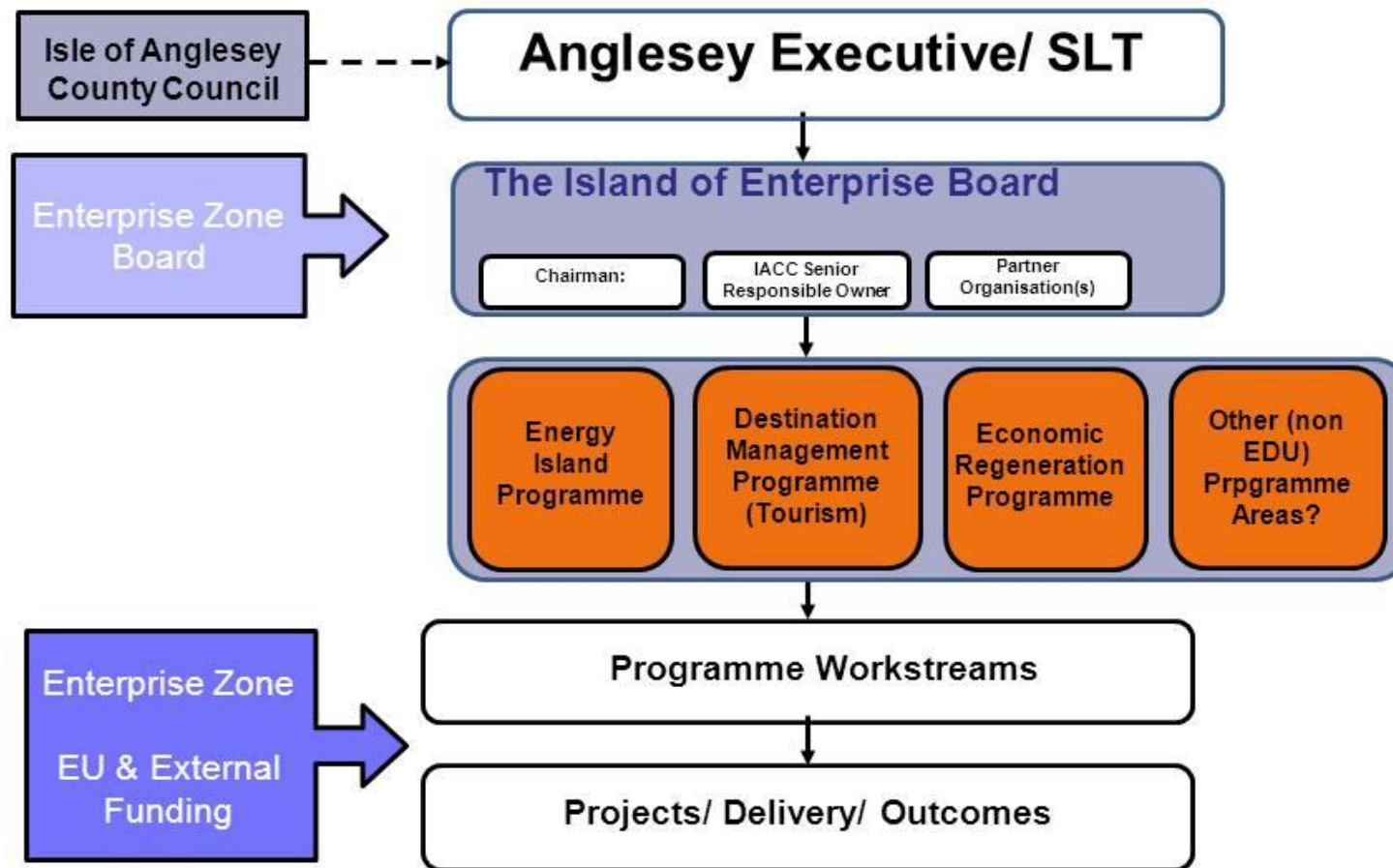
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**Economic Development Unit
Staffing Structure (Salary Funding Source)
September 2013**

- Base Budget Posts
- External Funds
- Income

**Annex B –
Enterprise Island Portfolio
Organisational Breakdown Structure**



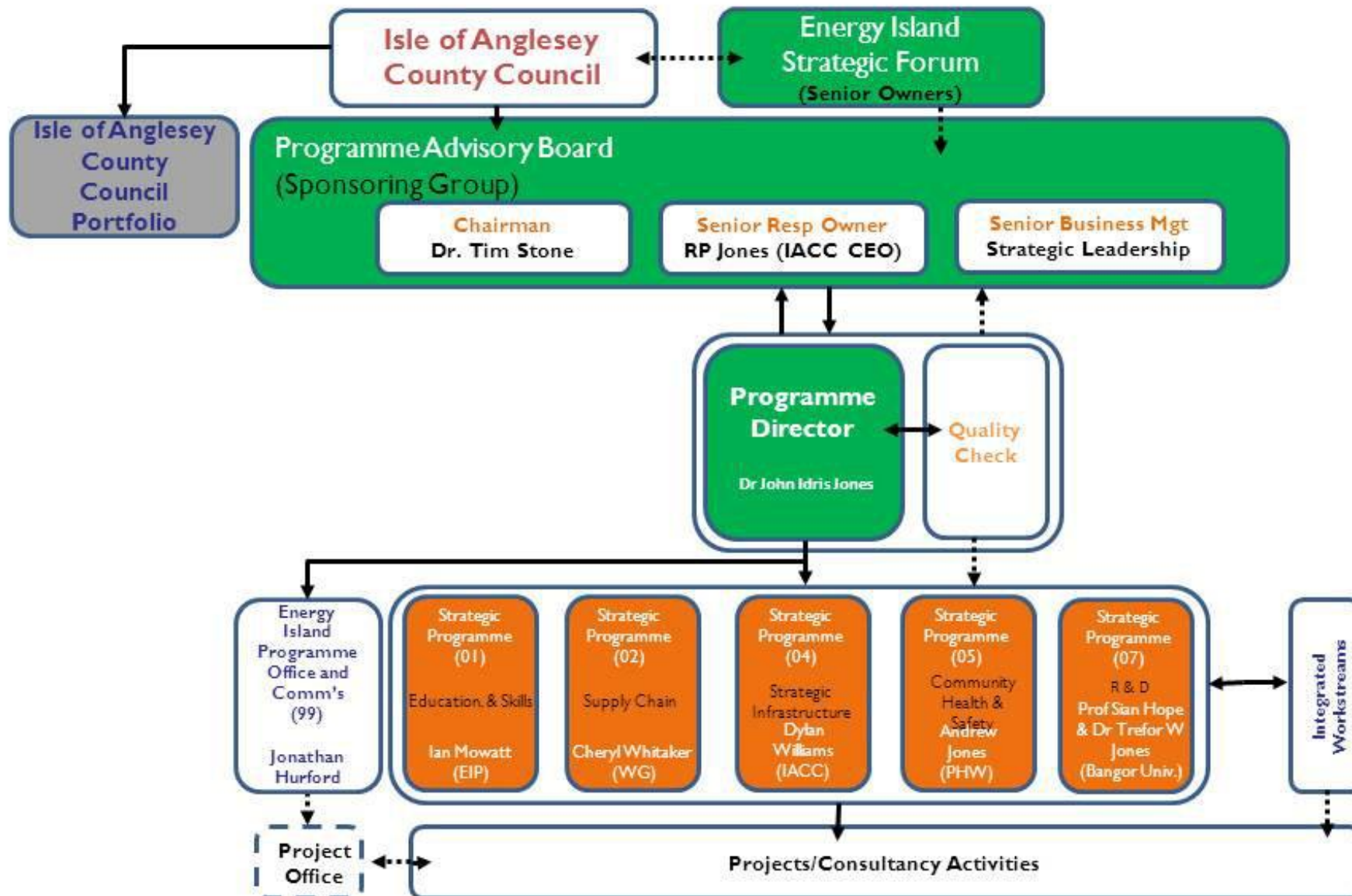
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**Annex C –
Energy Island Programme
Organisational Breakdown Structure**

Diagram showing EIP Programme OBS (Organisation Breakdown Structure)

Document Owner: Energy Island Programme Office File Ref: Energy Island OBS V13 4 September 2013



**Annex D –
Proposed Investments**

Proposed Energy Related Developments

August 2012



Proposed Tidal Array between the Skerries and Carmel Head producing 10 MW of Renewable Energy



Holyhead Port – International Strategic Gateway



Proposed 800 Unit mixed use Development of Residential, Tourism Village and Leisure Facilities. Stage 1 – Wylfa Workers Accommodation



Proposed 299 MW Biomass / Eco Park providing Energy & Steam for Hydroponic & Aquaculture Enterprises



Proposed Irish Sea Round 3 Offshore Wind Farm - potential yield of 4.2 GW of Renewable Energy



Existing Wylfa Power Station – 460 MW of Low Carbon Energy End of Generation 2014



Proposed New Nuclear Power Station with generating capacity of around 3.3 GW of Low Carbon Energy



Connecting Proposed New Low Carbon Energy on Anglesey



www.ynysynnimon.co.uk
www.angleseyenergyisland.co.uk

