

## ISLE OF ANGLESEY COUNTY COUNCIL

<b>Report to</b>	<b>EXECUTIVE COMMITTEE</b>
<b>Date</b>	<b>Monday 4<sup>th</sup> November 2013</b>
<b>Subject</b>	<b>EU Convergence Programme (2014-2020): Project Prioritisation and Development</b>
<b>Portfolio Holder(s)</b>	<b>Cllr. Aled Morris Jones</b>
<b>Lead Officer(s)</b>	<b>Dylan J. Williams</b>
<b>Contact Officer</b>	<b>Aled P. Davies</b>
<b>1.0 Nature and reason for reporting</b>	
<b>To secure the Executive Committee's support to progress with the development of strategic priority projects which could secure EU Convergence Funding (2014-2020).</b>	

### **A – Introduction / Background / Issues**

#### **2.0 Background**

The agreement by the EU Council and EU Parliament on the EU budget (2014 – 2020) means that West Wales and the Valleys will again receive 'Convergence' funding. This is the highest level of EU support (£1.52billion of grant aid), and is the final opportunity for Anglesey to access this amount of EU funding intervention.

The current economic and financial climate makes EU Programmes an important source of funding for local government and key partners to deliver regeneration and economic development activity. Both the IACC and the North Wales region need to be pro-active, influencing and developing strong intervention business cases to exploit and maximise EU Funding Programme opportunities.

### 3.0 Context

EU Convergence is an economic development programme with a clear focus on job creation and growth. It is also a key enabler for promoting social inclusion and combating poverty.

The draft Operational Programme (setting out the funding priorities and strategy in eligible areas of Wales), has a greater focus on economic growth opportunities, with investment decisions being driven by opportunities to maximise impact and deliver economic transformation.

The key proposed investment priorities for the EU Convergence Programme in West Wales and the Valleys are SME competitiveness; strategic infrastructure; research, development and innovation; renewable energy and energy efficiency; helping people into work; skills for all; early years and young people.

**As has been the case in the past, being successful in securing EU funding requires significant speculative project development effort. This speculative effort requires human and financial resources (both of which are currently in short supply). Despite this, the resource investment in project development activity should be given careful consideration as it has the potential to provide substantial added-value, positive impact and outcomes.**

### 4.0 Anglesey Project Development Priorities

Anglesey is very well placed to secure EU funding during the next round of programmes. The growth opportunities associated with the Energy Island Programme (EIP) provide demand-led requirements for intervention activity. This aligns with WG emphasis on targeting future EU funding around areas of opportunity, as opposed to the past approach of focussing investment on overcoming market failure.

The key challenge for Anglesey is to ensure that local benefits are maximised, making sure that local businesses take advantage of the supply chain opportunities, and that the local people are equipped with the skills to take up the job opportunities created. A key part of the programme will involve infrastructure investment to create the environment for business competitiveness and growth.

The IACC could have a dual role in supporting the future delivery of EU interventions – leading on the development and implementation of certain projects and supporting and facilitating the development and delivery of projects by external partners.

Based on the project development process to date, the key priorities emerging from Anglesey fall in line with those of the Welsh Government and the EU Commission :

- **Infrastructure Investments** – providing the platform for business growth and addressing barriers to growth;

- **Business Support** – ensuring support to promote entrepreneurship and new business starts, and support the competitiveness of existing businesses to take advantage of supply chain and growth opportunities;
- **Energy** – promoting the transition to a low carbon economy through promotion of renewable energy and energy efficiency measures
- **Developing People** - getting people skilled up to take advantage of employment opportunities and promote social inclusion.

## **5.0 Regional Project Development Perspective**

Following a recent review of current arrangements for the implementation of EU funding in Wales (Guilford Review), recommendations were made in support of an increased emphasis on a regional delivery approach for the 2014-2020 programmes. As such, collaboration of effort across the North Wales region will have increasing prominence in future.

In response to this challenge, the North Wales Economic Ambition Board (NWEAB) recently commissioned URS economic consultancy (on the IACC Framework Agreement) to develop a *North Wales EU Regional Framework, Delivery and Implementation Plan*. The document will articulate the needs / aspirations of the region, and help guide the development, prioritisation and implementation of future EU funding interventions.

Work on the commission is on-going and will culminate in the production of a final report later in 2013. The NWEAB will utilise the document to inform and influence decision making in the pursuit of future EU funding for the region.

## **6.0 Project Development, Scoring and Selection**

During the summer of 2012, the IACC Economic Development Unit mobilised an initial idea generation process to inform future intervention thinking for the 2014-20 funding period. This process resulted in a long list of project ideas (engagement and communication with all other IACC Service areas), which were rationalised following an assessment process largely based on potential impacts and deliverability.

Following the publication of draft Operational Programmes for Structural funding support in January 2013, the proposed areas of intervention likely to be supported by Welsh Government became apparent (although these are yet to be endorsed by the European Commission). Subsequently, the Economic Development Unit mobilised the second stage in the development process i.e. the development of initial / outline Project Mandates to provide further details around the initial ideas. This culminated in a draft report with key priority strategic projects being considered by the joint SLT/ HoS Team on 10<sup>th</sup> September 2013.

A total of 45 outline mandates had been formulated and considered prior to the SLT/ HoS Team meeting. These had been scored against a number of fundamental criteria

(i.e. strategic alignment with EU Structural Fund programme; likely economic impact; deliverability; and leverage/ additionality potential).

A gap in intervention proposals was identified within the field of Renewable Energy and Energy Efficiency, together with Research, Development and Innovation. Action is now being instigated to overcome these deficiencies.

The proposed priority strategic projects identified, and supported/ endorsed by the SLT/ HoS Team on 10<sup>th</sup> September 2013 are outlined in **Annex A**.

## **7.0 Forward Work Programme**

Following the identification of the key strategic projects, and subsequent Executive Committee consideration, the next stage will involve formal project development. The resource implication associated with this stage are significant (human and financial). In a climate of decreasing core funding, such speculative development activity is required if the IACC is going to secure external EU funding to deliver related corporate objectives.

Key project development requirements can be summarised as:

- Supporting information – full evidence base
- Options Appraisal
- Preparing a business case (in compliance with the UK Government Green Book “Five Case Business Model”)
- Synergy with local priorities and WG objectives
- Match funding sources and availability
- Establishing robust delivery partnerships and governance model
- Define clear objectives and impacts
- Identifying risks and mitigation
- Consider future sustainability and exit strategy

## **8.0 Conclusions**

Anglesey is well placed to benefit from EU funding. The Welsh Governments aim of targeting resources on ‘growth drivers’ align with the private sector opportunities on the Island.

Future success in securing EU funding will require speculative project development. If IACC is to capitalise and secure future activity and investment resources must be targeted to development projects and potential interventions. This commitment is speculative.

The increased emphasis on strategic projects / delivery during future programmes will require close collaboration with key stakeholders across North Wales. This approach

was adopted during current programmes, and will be built upon during the next funding period.

## **B - Considerations**

1. Do the proposed strategic priority interventions reflect the corporate aims and respond to the economic challenges and opportunities facing Anglesey?
2. Will the proposed strategic interventions synergise with likely private sector activity/ investment to enable the Island's businesses and residents to take full advantage?
3. Within current resource constraints, how capable is the IACC of developing strong business cases to pursue the EU Convergence Programme opportunities?

## **C – Implications and Impacts**

<b>1</b>	<b>Finance / Section 151</b>	
<b>2</b>	<b>Legal / Monitoring Officer</b>	
<b>3</b>	<b>Human Resources</b>	
<b>4</b>	<b>Property Services</b> (see notes – separate document)	
<b>5</b>	<b>Information and Communications Technology (ICT)</b>	
<b>6</b>	<b>Equality</b> (see notes – separate document)	
<b>7</b>	<b>Anti-poverty and Social</b> (see notes – separate document)	Clearly this programme is crucial to tackling poverty on the Island. Outcomes will need to be co-ordinated with other programmes designed to tackle poverty – including Communities First, Flying Start, Families First, and help to mitigate the effects of Welfare Reform.
<b>8</b>	<b>Communication</b> (see notes – separate	

<b>C – Implications and Impacts</b>		
	document)	
<b>9</b>	<b>Consultation</b> (see notes – separate document)	
<b>10</b>	<b>Economic</b>	The ability of the EDU to deliver a meaningful Programme of interventions to support economic development is influenced by its ability to secure external EU funding.
<b>11</b>	<b>Environmental</b> (see notes – separate document)	
<b>12</b>	<b>Crime and Disorder</b> (see notes – separate document)	
<b>13</b>	<b>Outcome Agreements</b>	

<b>CH - Summary</b>

<b>D - Recommendation</b>
<ol style="list-style-type: none"> <li>1. The Executive Committee support and endorse the priority strategic projects (<u>Annex A</u>) which could secure EU Convergence Programme Funding (2014-2020) Convergence Programme support;</li> <li>2. The Executive Committee support the further development of strategic priority projects in accordance with the new Corporate Governance arrangements;</li> <li>3. The Executive Committee recognise that the ability of the IACC to secure future EU Structural Funding will be partly influenced by the amount of resources dedicated to the development of projects/ interventions.</li> </ol>

**Report by: Aled Davies (on behalf of Dylan J. Williams: Head of Service Economic Development)**  
**Job Title: PDO EU Support & Funding)**

**2<sup>nd</sup> October 2013.**

<b>Appendices:</b>
<b>Annex A: Proposed Priority Strategic Projects</b>

<b>Background papers</b>

**TABLE 1 : PROPOSED ANGLESEY PRIORITY PROJECTS (EU CONVERGENCE FUNDING 2014-20)**

Title	Description	Lead	IACC Corporate Aims	Outputs / Results	Score (20)
<b>Theme 1: Strategic Infrastructure</b>					
Anglesey Sites & Premises	Investment in the provision of high quality sites and premises at strategic locations across the Island linked in with EIP and EZ opportunities	IACC	<ul style="list-style-type: none"> <li>• Prosperous economy</li> <li>• Enhance built environment</li> </ul>	<ul style="list-style-type: none"> <li>• Land developed</li> <li>• Premises created</li> <li>• Jobs accommodated</li> <li>• Jobs created</li> </ul>	<b>16</b>
Utilities Infrastructure	Investment in upgrading utilities infrastructure to ensure capacity for growth and accommodate scale of future private sector investments.	External	<ul style="list-style-type: none"> <li>• Prosperous economy</li> <li>• Enhance built environment</li> </ul>	<ul style="list-style-type: none"> <li>• Utilities upgraded</li> <li>• Jobs created</li> </ul>	<b>15</b>
Anglesey Strategic Transport	Package of strategic transport improvements to facilitate private sector investment and the accessibility of opportunities to the local workforce	External	<ul style="list-style-type: none"> <li>• Prosperous economy</li> <li>• Enhance built environment</li> </ul>	<ul style="list-style-type: none"> <li>• Upgraded roads</li> <li>• Access to employment sites</li> </ul>	<b>17</b>
Menai Science Park	Hub for academic, research and commercial expertise to promote business investment, competitiveness and growth.	External	<ul style="list-style-type: none"> <li>• Prosperous economy</li> <li>• Enhance built environment</li> <li>• People achieve full potential</li> </ul>	<ul style="list-style-type: none"> <li>• Innovation Centres R&amp;D</li> <li>• Enterprises supported</li> <li>• Research supported</li> <li>• Jobs created</li> </ul>	<b>18</b>
Holyhead Port Redevelopment	Redevelopment of the Port to accommodate spin-out opportunities of Energy Island Programme. Focus on landing / construction / manufacturing opportunities.	IACC	<ul style="list-style-type: none"> <li>• Prosperous economy</li> <li>• Enhance built environment</li> </ul>	<ul style="list-style-type: none"> <li>• Land developed</li> <li>• Inter-modal facilities improved</li> <li>• Jobs created</li> </ul>	<b>16</b>
<b>Theme 2: SME Competitiveness</b>					
Regional Supply Chain Programme	Improve local SME capacity and capability to capitalise on supply chain opportunities from EIP investments	IACC	<ul style="list-style-type: none"> <li>• Prosperous economy</li> <li>• People achieve full potential</li> </ul>	<ul style="list-style-type: none"> <li>• Enterprises supported</li> <li>• Individuals supported to set-up new enterprises</li> <li>• New jobs created</li> </ul>	<b>20</b>



Title	Description	Lead	IACC Corporate Aims	Outputs / Results	Score (20)
Business Investment Package	Suite of discretionary funding to promote business start-up and improved competitiveness / growth.	IACC	<ul style="list-style-type: none"> <li>• Prosperous economy</li> <li>• People achieve full potential</li> </ul>	<ul style="list-style-type: none"> <li>• Enterprises supported</li> <li>• Individuals supported to set-up new enterprises</li> <li>• New jobs created</li> <li>• Private investment levered</li> </ul>	16
Lwyddo'n Lleol Youth Enterprise programme	Integrated package of interventions to promote a spirit of enterprise amongst young people and bursary funding to assist with starting up businesses	IACC / LAs	<ul style="list-style-type: none"> <li>• Prosperous economy</li> <li>• People achieve full potential</li> </ul>	<ul style="list-style-type: none"> <li>• Participants gaining qualifications</li> <li>• New business starts</li> <li>• Job creation</li> </ul>	16
<b>Theme 3: Skills &amp; Employment</b>					
EIP Employment & Skills Brokerage	Innovative Employment and Skills Brokerage model to maximise uptake of employment opportunities stemming from EIP projects	External	<ul style="list-style-type: none"> <li>• Prosperous economy</li> <li>• People achieve full potential</li> </ul>	<ul style="list-style-type: none"> <li>• Participants gaining qualifications</li> <li>• People entering employment</li> </ul>	18
STEM Co-ordination Programme	Early intervention programme for school age children to highlight local career opportunities in science / technology sector – promoting STEM subjects at an early age.	IACC	<ul style="list-style-type: none"> <li>• Prosperous economy</li> <li>• People achieve full potential</li> </ul>	<ul style="list-style-type: none"> <li>• Participants gaining qualifications</li> <li>• Entering further learning</li> </ul>	15
Engineering & Construction Apprenticeships	Provision of additional apprenticeships in engineering and construction to take advantage of opportunities stemming from the Energy Island Programme.	External	<ul style="list-style-type: none"> <li>• Prosperous economy</li> <li>• Enhance build environment</li> <li>• People achieve full potential</li> </ul>	<ul style="list-style-type: none"> <li>• Participants gaining qualifications</li> <li>• Entering employment</li> </ul>	18
Post-16 Vocational Training Programme	Provision of bespoke training provision aligned fully with the requirements of private sector developers in North Wales.	External	<ul style="list-style-type: none"> <li>• Prosperous economy</li> <li>• People achieve full potential</li> </ul>	<ul style="list-style-type: none"> <li>• Participants gaining qualifications</li> <li>• Entering employment</li> </ul>	18

Title	Description	Lead	IACC Corporate Aims	Outputs / Results	Score (20)
Potential NEETS Programme	Integrated collaboration engagement model to prevent / address NEETS young people – linking them to vocational routes and career opportunities.	IACC	<ul style="list-style-type: none"> <li>•People achieve full potential</li> </ul>	<ul style="list-style-type: none"> <li>•Participants gaining qualifications</li> <li>•Participants entering further learning</li> </ul>	16
<b>Theme 4: Energy and Energy Efficiency</b>					
Marine Energy Programme	Integrated package of measures to capitalise on emerging marine energy opportunities in the region.		<ul style="list-style-type: none"> <li>•Prosperous economy</li> </ul>	<ul style="list-style-type: none"> <li>•New job creation</li> </ul>	16
Ynys Werdd (Business Energy Efficiency)	Promotion of energy efficiency within businesses to reduce carbon footprint and instigate shift towards a low carbon economy.		<ul style="list-style-type: none"> <li>•Prosperous economy</li> </ul>	<ul style="list-style-type: none"> <li>•Increased business competitiveness</li> </ul>	16