

FLINTSHIRE COUNTY COUNCIL

REPORT TO: **CABINET**

DATE: **TUESDAY, 23 APRIL 2013**

REPORT BY: **DIRECTOR OF ENVIRONMENT**

SUBJECT: **WELSH GOVERNMENT CONSULTATION ON THE
EUROPEAN STRUCTURAL FUNDS AND RURAL
DEVELOPMENT PLAN PROGRAMMES 2014-2020**

1.00 **PURPOSE OF REPORT**

To agree the Council response to the consultation by Welsh Government on the European Structural Funds and Rural Development Plan (RDP) programmes for 2014-2020. Concurrent with this is the review of Assisted Areas throughout Wales (being considered in a separate report) These are the areas in Wales where State Aids can be offered to eligible investment projects.

2.00 **BACKGROUND**

2.01 The European Structural Funds (ESF) and Rural Development Programmes (RDP) represent a major source of funding for economic development, skills and employment, infrastructure and quality of life. The programmes represent an investment in Wales of £1.8bn and £841m respectively for 2007-2013.

2.02 The current set of programmes (2007-2013) will come to an end over the 2014-2015 period and development of the next programmes (2014-2020) is well underway at the European, UK and Wales level. The Welsh Government has issued draft proposals for their approach to the next programmes and responses are due on this consultation in late April.

3.00 **CONSIDERATIONS**

The EU budget

3.01 The European Council approved an EU budget for the 2014-2020 period at a meeting in Brussels on the 8th of February. This will now need to be approved by the European Parliament. A final EU budget needs to be approved before the legislative package for the 2014-2020 European Funds can be finalised. This is likely to lead to some delays in starting the new programmes for Wales. It is hoped that the new programmes for Wales will be able to commence during the second half of 2014.

- 3.02 The budget agreed by the European Council does not represent a good deal for Wales due to a change in the formula for allocating Structural Funds to “less developed regions”. As a result of this new formula, “less developed regions” in wealthier Member States, such as the UK will receive reductions in funding. This means that West Wales and the Valleys could lose around £350 million in Structural Funding. Further, as a result of the budget agreed by the European Council, East Wales could lose around £50 million in Structural Funds, from the £113m available in 2007-2013 period.
- 3.03 It is possible for the Welsh Government to transfer up to 3% of programme resources from West Wales and the Valleys to East Wales (would amount to £50m based on current allocations). This could help to develop projects that, although located in East Wales, bring benefits to West Wales communities.
- 3.04 It remains unclear at this stage what the likely implications of the budget deal reached by the European Council is for future funding to Wales under the Common Agricultural Policy. Early indications are that this could be a loss of around £200 million to Wales, which would reduce the scale of the RDP programme.

Future structural funds implementation

- 3.07 In reviewing the previous programmes WG has indicated that, for future programmes, it will:
- ensure a stronger focus on jobs and growth;
 - prioritise place based interventions to bring about strategic economic regeneration;
 - prioritise a smaller number of key strategic projects with clear outcomes and exit strategies;
 - target both growth sectors and areas of opportunity such as city-regions or enterprise zones; and
 - ensure better integration between the different European programmes.
- 3.08 Welsh Government has set out the activities that it intends to support through the programme in East Wales:
- Small to medium sized enterprise (SME) competitiveness – access to finance and supporting entrepreneurship but not business grant support.
 - Research and innovation – supporting business innovation, encouraging and commercialising research.
 - Renewal energy and energy efficiency – energy efficiency in homes and public buildings, low carbon strategies for urban areas, development of new technologies, alleviation of urban

- congestion.
 - Skills – apprenticeships, raising basic skills levels, raising workforce skills.
 - Youth employment – developing employability and providing support to those not in education, employment or training.
- 3.09 Regeneration and infrastructure development have not been included as priorities in the programme for 2014-2020.
- 3.10 Due to the small scale of the expected programme in East Wales, Welsh Government will be looking to fund a smaller number of projects; focusing resources into pan-Wales projects or into specific geographic areas such as city-regions or Enterprise Zones.

Future RDP implementation

- 3.11 For the RDP, Welsh Government has indicated that it will ensure a more flexible approach by removing the restrictive framework of Axes and Measures used in the 2007-2013 programme. The Welsh Government is proposing the following objectives for the programme:
- Competitiveness of agriculture
 - Sustainable management of natural resources
 - Balanced development of rural areas – including social inclusion, poverty reduction and economic development.
- 3.12 Under this last objective, Welsh Government has proposed a number of areas for intervention:
- ICT uptake and usage
 - Community and voluntary transport
 - Access to services
 - Strategic spaces
 - Tourism
- 3.13 It is suggested that the LEADER element of the programme, currently delivered in Flintshire by Cadwyn Clwyd, is refocused back to its original aims to develop community-focussed innovation and entrepreneurial activity.
- 3.14 Currently, there are partnerships, local action groups and lead administrative bodies in each of the 18 areas covered by the programme. This is costing approximately £19m for the 2007-2013 period. Welsh Government is exploring options for the future management of the programme.
- 3.15 In addition, Welsh Government is reviewing the current geographic coverage of the programme. Options being considered include narrowing the focus of the programme to the predominantly rural local authority areas.

Proposed responses to the structural funds consultation

- 3.16 It is suggested that the following points are raised in the formal consultation response and where there are other opportunities to feed back to Welsh Government:
- 3.17 Generally, the proposals to improve the targeting of structural funds investment and to better integrate activity across programmes is a positive step forward. The omission of regeneration and infrastructure from the programme is, though, a source of concern as these can be vital elements in unlocking private sector investment.
- 3.18 It is a concern that the current approach to city-region development focuses solely on South Wales. There is a considerable geographical and functional gap between North and South Wales and therefore this will result in the benefits of the programmes and of associated Welsh Government spending being confined to South Wales. This argument has been rehearsed in favour of recognition of North East Wales and the catchment of the Mersey Dee Alliance 'foot print' as part of the ongoing City Regions consultation.
- 3.19 The development of the Deeside Enterprise Zone represents both a major economic opportunity for communities across North Wales and also an opportunity to address localised deprivation in the Deeside area. The strategic approach developed for the Enterprise Zone represents exactly the type of evidence-based, geographically-focussed and sustainable priority areas that WG is seeking to support.
- 3.20 Due to the strength of the East Wales economy and the opportunities that this provides for West Wales and the Valleys (WW&V) it is imperative that Welsh Government consider opportunities to transfer WW&V funding into East Wales for projects that can demonstrate a clear benefit to the communities of West Wales. The development of transport and skills infrastructure linked to the potential economic growth of North East Wales would be a good example.

Proposed responses to the RDP consultation

- 3.21 The retention of RDP funding will be crucial to enable Flintshire's rural communities to capitalise on the major economic opportunities presented in the urban areas through the Deeside Enterprise Zone. In addition, the RDP has been instrumental in providing vital resources to a large rural area in a county which has traditionally been recognised for its major manufacturing economy. The RDP has enabled resources to be focussed on, and respond to, the needs of the rural population.
- 3.22 The wider rural development objective covers a very broad range of topics and is therefore unfocussed. Without further prioritisation and integration it could result in duplicated effort and a weak focus on

outcomes. There are a number of missed opportunities, however, under the objective; there does not appear to be any suggestion of investment in either rural businesses or in employment and this is a particular concern given the current economic climate

- 3.23 Experience from the current RDP programme suggests that the level of bureaucracy has hindered the implementation of the programme. A simplified administrative structure for the programme and greater integration across the different funding streams will help to improve the value for money and effectiveness of the programme.

4.00 RECOMMENDATIONS

1) That the current Welsh Government consultation on the programmes is noted and the proposed responses to Welsh Government are approved.

2) That Members support the bid for continued Assisted Area designation in Flintshire and work with appropriate partners within the region to achieve this.

5.00 FINANCIAL IMPLICATIONS

The two programmes have contributed significantly to the work of the Council in the 2007-13 period.

6.00 ANTI POVERTY IMPACT

The programmes have the potential to make a significant contribution to tackling poverty and this is included as a cross-cutting theme in the programmes under which all projects will be expected to demonstrate their impact.

7.00 ENVIRONMENTAL IMPACT

The programmes have the potential to make a significant contribution to environmental protection and enhancement and this is included as a cross-cutting theme in the programmes under which all projects will be expected to demonstrate their impact.

8.00 EQUALITIES IMPACT

The programmes have the potential to make a significant contribution to equalities and this is included as a cross-cutting theme in the programmes under which all projects will be expected to demonstrate their impact.

9.00 PERSONNEL IMPLICATIONS

None.

10.00 CONSULTATION REQUIRED

None.

11.00 CONSULTATION UNDERTAKEN

None.

12.00 APPENDICES

Appendix 1 - WG consultation document – Rural Development Plan
2014-2020

Appendix 2 - WG consultation document – European structural funds
2014-2020

These appendices are available to view in the Members Library and
on the website.

**LOCAL GOVERNMENT (ACCESS TO INFORMATION ACT) 1985
BACKGROUND DOCUMENTS**

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