

FLINTSHIRE COUNTY COUNCIL

REPORT TO: **CABINET**

DATE: **TUESDAY, 18 NOVEMBER 2014**

REPORT BY: **CHIEF OFFICER (COMMUNITY AND ENTERPRISE)**

SUBJECT: **EUROPEAN STRUCTURAL FUNDS AND RURAL
DEVELOPMENT PLAN PROGRAMMES**

1.00 PURPOSE OF REPORT

- 1.01 To inform members of the current position in the development of the European Structural Funds and Rural Development Plan (RDP) programmes, the emerging priorities for North Wales and the potential opportunities for the Council.

- 1.02 To inform members of the current position in the development of Domestic Energy Efficiency North Wales Collaboration project and seek approval for the further development of the project.

2.00 BACKGROUND

- 2.01 The European Structural Funds and Rural Development Programmes (RDP) represent a major source of funding for economic development, skills and employment, infrastructure and quality of life. The Structural Funds and RDP programmes have a value to Wales of £2.3bn for the 2014-2020 period. The programmes represent an investment of approximately £330m for the seven East Wales counties for 2014-2020 through the Structural Funds and potentially an additional £5m for Flintshire through the RDP.

- 2.02 The two funding streams, despite some common management arrangements within Welsh Government, are approved separately by the European Commission and are following different trajectories in their development. The current position for each programme is set out below.

2.03 European Structural Funds

There are two programmes within this funding stream; European Social Fund (ESF) and European Regional Development Fund (ERDF). Each is negotiated and approved separately between the Welsh European Funding Office (WEFO) and the European Commission.

Approval from the European Commission (EC) for the Welsh

Structural Funds Programmes for 2014-2020 is awaited. The approval by the European Commission is likely to be towards the end of October/early November. The launch of the East Wales programmes is expected to be early in the New Year.

The funding priorities within the Operational Programmes are detailed below, and under each Priority there are a number of specific objectives, which will operate on an All-Wales, West Wales and the Valleys (WWV) only, or East Wales only basis.

European Regional Development Fund

- Priority 1 – Research and Innovation (5 objectives open to All-Wales)
- Priority 2 – SME Competitiveness (5 objectives, open to All-Wales)
- Priority 3 – Renewable Energy and Energy Efficiency (3 objectives for WWV and 2 for East Wales)
- Priority 4 – Connectivity and Sustainable Urban Development (4 objectives for WWV and 2 for East Wales)

European Social Fund

- Priority 1 – Tackling Poverty through Sustainable Employment (1 objective for All-Wales, 2 for WWV only)
- Priority 2 – Skills for Growth (2 objectives for All-Wales, 2 for WWV only)
- Priority 3 – Youth Employment and Attainment (2 objectives for All-Wales, 2 for WWV only)

There are two areas of uncertainty which need to be resolved:

1. Welsh Government has not yet decided how much of the programme funding will be allocated to each priority.
2. Whilst some Welsh Government departments have given a clear steer on their proposed project activity this is not the case in some areas so that the scope and scale of potential regional activity cannot be determined.

2.04 Rural Development Plan

The RDP programme primarily supports the land-based sector in Wales but includes some smaller elements for wider rural development. Appendix 1 sets out the potential activities proposed by Welsh Government for the RDP which have a collective value of £369m across Wales. There are two elements most relevant to Flintshire: LEADER and the Rural Community Development Fund.

The new programme seeks to take LEADER back to its original concept of innovation, pre-commercial development and working with geographical and sectoral communities to pilot projects in the rural areas. There are 5 key themes:

- adding value to local identity and natural and cultural resources

- facilitating pre-commercial development and business partnerships
- providing non-statutory local basic services
- renewable energy at a community level
- exploitation of digital technology

In Flintshire, the LEADER programme will be delivered by Cadwyn Clwyd. Cadwyn Clwyd, following a process of consultation with rural communities and other stakeholders has submitted the first stage bid to Welsh Government.

The process for the Rural Community Development Fund is unclear at the moment but initial indications suggest that Welsh Government will invite the first round of applications in Spring 2015 at the earliest. Community led organisations will be apply directly to Welsh Government for funding under the programme. Local authorities working in collaboration with community groups will also have the opportunity to submit project proposals.

2.05 Due to the very different way that the European Commission and WEFO have developed the new Operational Programmes there is a marked difference to the current round of Convergence and Competitiveness funding; there will be considerably fewer projects, particularly at the local level. Projects will be more strategic in nature and will, in the majority of cases, be at a sub-regional, regional or indeed a national level. The North Wales Economic Ambition Board (NWEAB) has led the development of a portfolio of potential projects (Appendix 2) to meet the strategic needs of the region. Feedback from WEFO indicates that this framework will need further prioritisation.

3.00 CONSIDERATIONS

3.01 Through the NWEAB, the Council will play an important role in the development of regional approaches to economic development and to the European programmes. The strength of the economy of Flintshire and Wrexham is going to be critical to the economic development of North Wales as a whole and the European programmes will provide an important tool in helping to unlock these benefits.

3.02 The programmes also provide an opportunity to secure additional resources to deliver Council priorities and, in some cases, may offer opportunities to develop new ways of delivering Council services.

3.03 As Appendix 2 shows there are a number of project areas under development across North Wales through the NWEAB. When the scale of resources and Welsh Government intentions are clarified it is likely that this list will need to be significantly reduced.

There are a number of areas where the Council has indicated an interest in further project development:

- North and Mid Wales Domestic Energy Efficiency Collaboration project (with further details set out below);
- North Wales Advanced Manufacturing Centre;
- regional transport projects;
- emerging ASPIRE projects to support those not in employment, education or training;
- business support projects including those to generate new enterprise and support the social sector; and
- ICT connectivity and exploitation.

As clear projects emerge from these themes the Council will need to commit officer resources to their further development.

3.04 The RDP, although limited to the 80% of the County that is designated rural, provides opportunities to pilot new approaches to service provision through LEADER and to secure smaller scale investment funds thereafter through the Rural Community Development Fund. There are specific priorities in the programme for:

- Entrepreneurship development;
- Supply chain development;
- Supporting people not in employment, education or training,
- Raising the capacity of communities to provide local services;
- Improving local and community transport;
- Community level renewable energy;
- Encouraging the exploitation of digital technology;
- Tourism development; and
- Support for events.

The Council has already influenced the direction of the LEADER programme and will, through the governance arrangements for the programme, continue to have the opportunity to steer the programme.

3.05 To make the best use of scarce financial and staff resources it is recommended that potential projects for the Structural Funds and RDP programmes are evaluated at an early stage and priority given to the development of projects which:

- demonstrate a close fit with Council strategic priorities;
- offer opportunities to create new models of service delivery;
- offer good value for money and robust outcomes; and
- create opportunities for income generation or cost avoidance.

3.06 In order to maximise the potential of the European funding and minimise the risks it brings the Council will need to:

- identify which regional projects to participate in and what new local projects should be developed and feed these into the project development processes;
- commit officer time towards the development of each project;
- continue to engage specialist European Officer support to

advise on the technical aspects of the programme. This is provided for the current programme by Denbighshire County Council through a collaboration agreement but alternative models for the new programme will need to be considered;

- implement a programme of internal co-ordination and support for European project development and management to ensure that the services are able to maximise the opportunities presented by the programmes, to maintain and disseminate intelligence on programme development; and to support the implementation of projects; and
- develop high quality programme management and administrative systems centrally and within service teams to meet the stringent European funding regulations.

3.07 Domestic Energy Efficiency North and Mid Wales Collaboration (DEE) programme

The proposed programme is designed to create a sustainable and replenishing loan pot (£30million per annum) through investment of ERDF capital in the domestic energy efficiency retrofit of 3,000 homes per year. This work would be delivered by Flintshire County Council across North and Mid Wales targeting the 286,000 homes in the region. The programme would be open to all tenants and residents which is a step change from existing funding streams. The funding would be distributed evenly over several financial years to prevent a boom and bust scenario that has been a characteristic of the market in recent years.

Funding would also support the Climate Change Consortium of Wales (C3W) to undertake pragmatic studies and publications on the impact of the changing climate on the existing housing stock in Wales. Working in partnership with the Welsh Government, Local Authorities and Housing Associations this will inform and support: 1) the development of a recognised market leading housing retrofit supply chain and 2) the empowerment of homeowners and tenants to become resilient communities.

This programme is based on scaling up existing activities within the Community and Enterprise Portfolio rather than establishing anything new.

The type of activity delivered through this programme includes:

- Capital programme delivery through replenishing loan fund (carbon reduction measures in domestic buildings)
- Research excellence through C3W
- Development of market leading supply chain
- Targeted recruitment and training
- Development of resilient communities

3.08 Officers have met with the Welsh European Funding Office's Principle

Controller for Renewable Energy and Energy Efficiency who has supported in principle the development of this programme. Since then it has been submitted to the North Wales Economic Ambition Board for their consideration (please see Appendix 3). The programme is designed to support a number of European Funding priorities to increase the potential for funding.

- 3.09 The Welsh European Funding Office has offered to lead on the search for match funding for this programme. FCC need to now engage, through the North Wales Economic Ambition Board, with the full range of partners and stakeholders to:
1. Identify and brief stakeholders on the opportunity
 2. Develop a formal delivery strategy
 3. Develop a robust business/delivery plan

This proposal could compete with Welsh Government projects due to its scale and this would need to be resolved with Welsh Government should it arise. Despite the size of the proposal and the marked increase in the number of homes receiving measures this scheme will still come short of achieving the Welsh Government target of a 3% year on year carbon emission reduction from housing and will not eradicate fuel poverty. Nevertheless, this will go much further towards these targets than existing schemes.

4.00 RECOMMENDATIONS

- 4.01 That the progress in the development of the European programmes is noted and that approval is given to the next steps set out in this report.
- 4.02 That delegated authority is given to the Cabinet Member for Housing in conjunction with the Chief Officer for Community and Enterprise to move the Domestic Energy Efficiency project forward as described in this report.

5.00 FINANCIAL IMPLICATIONS

- 5.01 None at this stage but each project will be required to identify sources of match funding as part of their development.

6.00 ANTI POVERTY IMPACT

- 6.01 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

- 7.01 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

8.01 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

9.01 None.

10.00 CONSULTATION REQUIRED

None.

11.00 CONSULTATION UNDERTAKEN

None.

12.00 APPENDICES

Appendix 1 – Welsh Government schedule Rural Development Plan 2014-2020

Appendix 2 – NWEAB potential project portfolio

Appendix 3 – NWEAB Workshop project template (DEE)

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

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