

## Report of the Director of Place

External Funding Panel – 3 August 2016

### OVERVIEW OF CURRENT AND FORTHCOMING EUROPEAN AND EXTERNAL FUNDING APPLICATIONS

<b>Purpose:</b>	To provide an update on current and planned European and other External funding applications
<b>Policy Framework:</b>	Swansea Bay City Region Economic Regeneration Strategy.
<b>Reason for Decision:</b>	1) Update on European and External funding applications
<b>Consultation:</b>	Legal, Finance and Access to Services.
<b>Recommendation(s):</b>	<ol style="list-style-type: none"><li>1) That the updates on projects in sections 2 to 6 be noted.</li><li>2) That the bid to Welsh Government to seek funding to establish a Swansea Bay Fisheries Local Action Group be supported.</li><li>3) That the bid for support from the Ireland-Wales programme for the Heritage Trails project via Swansea University be supported.</li><li>4) That the bid for support from the Ireland-Wales programme for the Exportable project be supported.</li></ol>
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## **1.0 Introduction**

1.1 This paper is an update on previous European and External funding reports (3 June, 5 August, 2 December 2015, 3 Feb 2016) to the External Funding Panel, aiming to provide:

- an update on European and External funding applications in progress or nearing approval
- early notification of proposed forthcoming funding applications and programmes

The applications are categorised by funding programme and theme. Information included in the previous report is not repeated.

### Exit of the UK from the European Union

1.2 At this point in time, the Welsh European Funding Office is operating business as usual. The European funding allocation for West Wales & the Valleys currently remains in place. It is likely that funding would remain in place for the 2 year period once Article 50 of the Lisbon Treaty has been invoked by the UK Government. There is no certainty over arrangements beyond this, as the situation is unprecedented, and will be subject to the exit negotiations between the UK and the other EU 27 Member States. Current staffing commitments relating to EU funded projects run by the Council are fixed term to March 2018. The position will be kept under constant review.

## **2.0 Hafod & Morfa Copperworks site**

### Heritage Lottery Fund – Enterprise

2.1 Following support from the External Funding Panel in February, the Heritage Enterprise application for restoration of the Powerhouse building was submitted in time for the 11 February deadline. The application has been successful. A Development Phase grant of £189,600 has been made by HLF towards total eligible project costs of £210,670. On satisfactory completion of this phase, the more detailed Stage 2 application is required to secure approval of the full HLF grant estimated at £3.75m. Sale of land at the site will be required to provide the match funding of approximately £1m to complete the funding package for Stage 2. Procurement documentation is in preparation for the architects brief. Council match funding of £21k revenue is required for development stage.

### **3.0 City Centre Regeneration**

#### European Regional Development Fund (ERDF) Priority 4 Objective 4 proposal for Kingsway employment hub

- 3.1 Following agreement from the Panel to progress the WEFO Logic Table for the Kingsway Employment Hub, and agreement at Swansea Bay City Region Pillar 3, the proposal is going forward as a standalone component of a regional package of proposals from South West region. WEFO have indicated the remaining funding to bid for once Welsh Government project funds have been allocated will be £8m. The City Region Board has endorsed a proposition that the £8m is allocated to strategic employment site infrastructure which would include an amount for the Kingsway. As discussions are ongoing, a further verbal update will be provided at the meeting.

#### European Regional Development Fund (ERDF) Priority 4 Objective 4 Welsh Government 'Building for the Future' (Use it or Lose it) scheme submissions

- 3.2 The prioritised list including three Swansea proposals has now been agreed by Pillar 3 of the Swansea Bay City Region Board, has now been submitted to Welsh Government for inclusion in the national Building for the Future business plan. Welsh Government is now finalising the business plan with WEFO approval expected imminently. Swansea projects included are:

- Kingsway Employment Hub Phase 2
- Palace Theatre
- Albert Hall (reserve pipeline)

Welsh Government are still working on the scheme nationally, with new paperwork due to be issued to local applicants in the near future. Approvals will have an eye on the potential curtailment of the 2014-2020 EU programmes subject to the outcome of Brexit negotiations.

#### URBACT III

- 3.3 The proposal outlined in the 3 June 2015 report has been forwarded to the URBACT support unit for review and advice on next steps – advice awaited from URBACT Support Unit. An application based on the technology business pipeline outlined in a previous report was attempted for the June 2016 deadline, but due to technical issues it was not possible to proceed with the application. A network of partners across the EU has been established however, and it may be possible to make an application on the same theme to the Interreg Europe programme later this year, subject to the status of the UK and whether Article 50 has been triggered.

## **4.0 European Social Fund**

4.1 Background detail on the European Social Fund can be found in the 3 June 2015 summary report to the panel. The European and External Funding Team will be providing management and monitoring support for all these schemes.

### Cynnydd: Progress update

4.2 The Cynnydd project has previously been approved by the Panel. The project aims to meet the requirements of Specific Objective 2 (To reduce the number of those at risk of becoming NEET, amongst 11-24 year olds) under Priority 3 of the 2014-2020 West Wales and the Valleys ESF Operational Programme, by providing a number of interventions targeted at young people who are identified as being at the very greatest risk of becoming NEET.

4.3 Secondary schools will have a Learning Coach resource allocation to enrol appropriate pupils onto the project, refer them onto interventions specific to their individual needs and ensure that the provision is enabling these pupils to make positive progress in their attainment, attendance and behaviour. Secondary Schools are underway with the appointment of the allocated resource.

4.4 The majority of provision will be through procured activity in the following areas (product lots):

- Literacy & Numeracy (including Financial Literacy)
- Volunteering Support & Activities
- Complementary/Alternative Curricula in formal and informal settings – full, partial or unit qualifications
- Complementary Curricular – informal and non-formal – Arts/Sports/Outdoor pursuits provision
- Counselling and targeted intervention including Emotional, Social and Behavioural Difficulty support; Cognitive Behaviour Therapy; Attachment Therapy and Substance Misuse Support

4.5 Careers Wales will be able to provide the following through the project at no cost to the Local Authority's Cynnydd budget:

- Employability support & work readiness activities
- Work experience support and co-ordination
- Work focussed experiences
- Employer engagement activities

4.6 A report was scheduled and approved at Corporate Briefing on the 7<sup>th</sup> April 2016 and Cabinet on the 21<sup>st</sup> April 2016 to approve and agree the City and County of Swansea's participation and implementation in the Cynnydd Project, in anticipation of WEFO's approval of the project.

- 4.7 WEFO approved the project on the 25<sup>th</sup> May 2016. Project start date has been confirmed as the 1<sup>st</sup> March 2016, and project completion on the 28<sup>th</sup> February 2019. Evaluation will take place for the last 3 months of the project, therefore no project delivery will take place during this time.
- 4.8 No project delivery has commenced prior to the approval following Legal advice that any project activity incurring a cost would not be supported due to the financial risk, should WEFO not approve the project. Project delivery is anticipated to commence in September 2016.
- 4.9 In its capacity as Lead Beneficiary, Pembrokeshire County Council will provide a European Contract Management Team (ECMT) to undertake the strategic management, monitoring, compliance, financial management and procurement overview of the project and its activity across the Region.
- 4.10 WEFO held an Inception Meeting with Pembrokeshire CC on the 7<sup>th</sup> July 2016. Pembrokeshire CC are then subsequently meeting with the delivery team, responsible for the management and monitoring of the Project from the European and External Funding Team on the 19<sup>th</sup> July 2016.
- 4.11 A Regional Strategic Board led by Pembrokeshire will take place quarterly, comprising senior education officers from each Local Authority to make strategic decisions on the project. These meetings are yet to be arranged.
- 4.12 A Regional Operational Group will also take place quarterly to discuss operational issues and refer to the strategic board where appropriate. These meetings are yet to be arranged.
- 4.13 A Local Project Board will take place on a monthly basis to monitor take up of participants, share good practice, accept and review recommendations from the Regional Operational Group, discuss referrals between partners, and referring progress and risks/issues to the Regional Operational Group for discussion. The first meeting took place on the 13<sup>th</sup> July.
- 4.14 Governance within the City and County of Swansea is yet to be confirmed, but it is likely that the CYP and NEET Board will be involved in these arrangements.
- 4.15 The allocation to City & County of Swansea is:
- Total Project Cost: £2,358,684
  - Total ESF Grant: £1,651,079 (70.00%)
  - Total Match Funding: £707,605 (30.00%)

- 4.16 A total of 780 participants have been allocated to City and County of Swansea over the project duration. Schools have received an allocation according the percentage of the total number of pupils who feature highly on the Vulnerability Assessment Profile. Regular updates will be provided to the Panel based on the headline outputs for Swansea set out below:

<b>WEFO Output</b>	<b>Target</b>	<b>Achieved to date</b>
Total participants	780	0
Gain qualifications	56	0
Are in education or training	390	0
Are at reduced risk of becoming NEET	390	0

- 4.17 Pembrokeshire CC led a procurement exercise, resulting in a framework agreement being established between Pembrokeshire CC and the service providers who tendered. A call off arrangement, for individual services will take place as and when required. The European and External Funding Team are currently underway with organising pre-engagement checks, which will be followed by contracting to each service provider under a call off arrangement.
- 4.18 From the Pembrokeshire procurement exercise, no providers were appointed for Product Lot 9 (Counselling) and an age gap in provision has been noted for Product Lot 2 (voluntary activities), therefore separate ITTs will need to be carried out by the City and County of Swansea, which will be led by the European and External Funding Team.
- 4.19 The majority of the necessary match funding is being met by staff in kind match of appropriate posts within the Schools. The posts put forward are currently being confirmed in readiness for notification communication being issued to the relevant personnel/staff.

Cam Nesa

- 4.20 The development of the Cam Nesa project has been deferred until the Cynnydd business plan has been submitted to WEFO. This project, also to be led by Pembrokeshire County Council, will aim to provide a range of engagement, learning and training activities for 16-24 year olds in order to reduce youth unemployment and reduce the number of young people who are already NEET, as well as to increase the attainment levels of 16-24 year olds who are already NEET.
- 4.21 Pembrokeshire have requested beneficiary Authority's to review what their requirements would be from the Cam Nesa provision, high level finance requirements and NEETs statistics. The European and External Funding Team has liaised with relevant officers to develop a high level project objective and associated costs for Swansea needs. This information has received Senior Management support. The information has been submitted to Pembrokeshire CC.

#### Workways +: Progress update

- 4.22 Workways + is the leading employability project supported with ESF within the South West region. The project focuses on a narrow target group of those who are long term unemployed or economically inactive, with complex barriers to employment but living outside of Communities First wards. (Communities First wards will be served by the national 'Communities 4 Work' ESF project only).
- 4.23 First wards. (Communities First wards will be served by the national 'Communities 4 Work' ESF project only).
- 4.24 Approval of the project was granted on 16<sup>th</sup> February 2016, with staff recruitment undertaken throughout April and May 2016. Following staff appointments the project started delivery during June 2016.
- 4.25 The immediate focus for the team has been to promote the return of the project and undertake outreach activity in order to enrol eligible participants to the project and establish caseloads.

<b>WEFO Output</b>	<b>Target</b>	<b>Achieved to date</b>
Participants Engaged	917	67
Entering employment including self-employment upon leaving	206	0
Gaining a qualification or work relevant certification	459	0
Completing work experience placement or volunteering opportunity	367	0
Engaged in job search upon leaving	172	0

#### Communities for Work: Progress update

- 4.26 The Communities for Work project is focussed within the current Communities First clusters in Swansea and is focussed on reducing the number of NEET's aged 16-24 (P3) and to increase employability of the economically inactive and long term unemployed for those aged 25 and over (P1) who have complex barriers to employment. The Welsh Government is the lead body with the City & County of Swansea (CCS) as a local delivery body. An act of entrustment with the Welsh Government was signed by CCS on the 10<sup>th</sup> February 2016 and covers the period from January 2016 to March 2018.
- 4.27 Eligibility of participant's location to be within the local clusters is verified by using a post code checker housed on the Welsh Government Communities First web page. Additional eligibility checks are conducted by staff prior to confirming participant engagement.
- 4.28 The project is profiled for CCS to employ 15 staff, to date 12 posts have been filled with the remaining staff to be appointed shortly. 5 posts are allocated as adult mentors, another 5 are assigned as youth mentors with the remaining 5 as triage officers.

4.29 Following engagement a participant's requirements will be assessed as part of a triage process, identifying solutions such as mentoring or specific training requirements. Training courses not currently available can be requested via a Welsh Government procured provider – ACT, currently the project has 3 requests for specific courses to submit to ACT.

4.30 Outputs to date are summarised in the table below.

<b>Indicators</b>	<b>Target</b>	<b>Achieved to date</b>
Engagements: Economically inactive	112	1
Engagements: Long-term unemployed	56	3
Engagements: NEET participants	96	2

## **5.0 Rural Development Plan 2014-2020**

5.1 A draft rural local development strategy was submitted to Welsh Government in September 2014 in consultation with Cabinet Member for Regeneration. The document has been approved but is to be subject to detailed annual review. The £1.4m funding package previously approved by the Panel, and Cabinet 16 July 2015 is now formally approved. The Swansea Rural Development Partnership is currently being refreshed, and two of the three officers required to operate the programme are now in place with the third on the redeployment list.

5.2 The Swansea Rural Development Partnership has been refreshed with a new chair and vice chair appointed. The rural local development strategy was reviewed in March 2016 and submitted to the Welsh Government.

5.3 Sub-groups centred around the three main themes identified of Economy and Community, Tourism and Transport & Infrastructure have been established and are in the process of meeting in July 2016 prior to the 26th July partnership meeting. The sub-groups have been set up to focus on the ideas presented within the specific themes and to report back recommendations to the main partnership group.

5.4 The first project under RDP leader has been approved which is the Gower Sunday bus service approved to run until September 2016. Two Request for quotations are currently being drafted on behalf of the partnership focussing on a visitor centre and walking/cycling route provision.

5.5 The Rural Community Development Fund (RCDF) has now been launched by Welsh Government and includes themes around Access to Services and Village Renewal. Applications to this £50m Fund are currently on hold subject to clarification on Brexit negotiations.



## **6.0 European Fisheries Fund**

- 6.1 The European Fisheries Fund 2007-13 (EFF) ended on 31st December 2015. The Swansea Bay Fisheries Local Action Group (SBFLAG) successfully undertook its role in steering the development and supporting implementation of 13 projects during the 18-months delivery phase resulting in a total grant investment of £281k.
- 6.2 Welsh Government held a launch event on the 11<sup>th</sup> February 2016 for the European Maritime Fisheries Fund 2014-20 (EMFF), alongside the official launch of the Rural Development Plan 2014-20.
- 6.3 Welsh Government is now seeking applications from interested parties to establish Fisheries Local Action Groups throughout Wales. It is anticipated that WG is likely to approve between three and four FLAGs across Wales, that cover defined geographical areas within which fisheries related activity is prevalent. Based on a national FLAG allocation of £1.5M, there is an estimated funding allocation of between £375k - £500k.
- 6.4 Once the FLAGs are established there will be the opportunity to submit funding applications to the remaining £10M national EMFF funding pot. Ideas such as the Coastal and river access project could be progressed with this funding which could include pontoons at Hafod Copperworks and an upgraded slipway at Knab Rock.
- 6.5 Following the success of the previous Swansea Bay Fisheries Local Action Group (SBFLAG) under the EFF 2007-13 programme a proposal to re-establish the SBFLAG has been drafted that would broadly cover the Burry Port to Porthcawl geographical areas, with the City & County of Swansea acting as Lead Body.

**Recommendation 2) That the bid to Welsh Government to seek funding to establish a Swansea Bay Fisheries Local Action Group be supported.**

## **7.0 Other European programmes**

- 7.1 A range of other opportunities exist, particularly through programmes designed for joint problem-solving through regions across Europe and beyond working together.
- 7.2 General characteristics of these programmes:
- Usually should include at least one other member state – varies between programmes
  - Primarily revenue expenditure, only limited scope for capital works
  - There must be a European dimension to project proposals – not just bolted on to a local initiative to secure funding.

- Opportunities to work with other cities and regions across EU to work on joint problems and issues.
- Grant rates usually generous, 75-80%.

As approved at the external funding panel meeting on 3<sup>rd</sup> June 2015, opportunities to access other European programmes will be actively explored.

Heritage Trails and Ireland Wales (INTERREG Ireland-Wales programme)

7.3 This project is currently being scoped with the preferred direction to undertake a pilot project to deliver ultimate changes by developing one tourist trail in both Cork and Swansea. The pilot will establish what will work and what will not work through an iterative approach and a process of elimination.

7.4 The tourist trail is intended to build on natural and cultural heritage and enhance the tourist experience and thereby increase tourist numbers and length of their stay. Community involvement in the development of the trails is important and an infrastructure and network of partners including the community that can take this forward will be developed. As a legacy a framework will be produced that will be transferable in other situations.

- Establish a cross-border partnership to exchange best practice in developing trails that maximise the cultural and natural heritage of the areas
- Establish partnerships and networks within Cork and Swansea that include tourism, museums, development agencies, business, community groups, 3<sup>rd</sup> and voluntary sector groups, schools, colleges and universities. In Swansea this also includes the existing professional and community networks at the University through the Connected Communities project.
- Cork will focus on natural heritage with cultural heritage as a sub-theme. Swansea has Cultural heritage as its focus with natural heritage as a sub-theme. The proposed operation will enable shared expertise and bring all elements together through a shared interpretation platform/ methodology
- Develop exciting tourist experiences along the trails through the use of innovative interpretation using ICT
- The trails and their interpretation will be inclusive an appeal to a wide demographic
- Engage communities throughout the process from initial ideas and mapping to developing interpretation and marketing
- Conduct a series of events – workshops and open days for communities
- Work with specific groups such as schools
- Learning will be part of the project – all ages. This will involve enhancing a sense place

- Environmental enhancement
  - Involving SME's to provide services and become involved in the network
  - Identify and map other places and experiences that link with the trails
  - Create a framework that is transferable as a legacy
  - Maximising the economic benefits of the trails by sustainably utilising their natural and cultural assets.
- 7.5 The Lead Beneficiary is Swansea University and will be responsible for overall project delivery, co-ordination of systems and Joint Beneficiaries.
- 7.6 Each Joint Beneficiary in Cork and Swansea will be responsible for their own budget and project management. Responsibilities for various work packages have been shared amongst the Joint Beneficiaries however there will be a high level of cooperation in order to ensure a coordinated approach is achieved. In this regard, Joint Beneficiaries and the Lead Beneficiary will work closely together to ensure coherent project delivery. While a work package leader has been assigned for Communication and Dissemination of the project, it is agreed that all Beneficiaries will have a shared responsible in this area.

**Recommendation 3) That the bid for support from the Ireland-Wales programme for the Heritage Trails project via Swansea University be supported.**

Exportable (INTERREG Ireland-Wales programme)

- 7.7 Exportable Operation is a 48 month project proposed under the INTERREG Ireland-Wales programme (which includes preparatory phase and finalisation closing and report phase totally 12 months), with a specific objective to increase intensity of knowledge and transfer collaborations involving research organisations and SMEs in line with the shared priorities of the smart specialisation strategies.
- 7.8 There is a strong need to improve and develop the international competitiveness of SMEs in both regions. Therefore, all of the Operation's actions will be closely focused on enterprises that are on the threshold of export potential but require to be accelerated into the export marketplace.
- 7.9 Exportable as the name indicates will be assisting:
- through a product design process to bring products and services to a "shelf ready position" for entry into the Irish or Welsh marketplace
  - Providing soft-landing's in that marketplace to facilitate entry and
  - Investigating new business models and forms of financing for new exporting ventures.

- 7.10 The operation will audit a significant number of enterprises before selecting a participating cohort of those for the targeted operation supports. Of the 20 selected it is envisaged that 12 will fully participate in the operation.
- 7.11 The operation will, in line with the IW programme priorities, significantly
- promote business
  - investment in innovation
  - and research, and
  - will foster the development of new links and synergies between enterprises, R&D centres and higher education in particular will support product and service development and technology transfer
- 7.12 The Cork Institute of Technology is the Lead Beneficiary, with the Institute of Technology Tralee in Ireland, Swansea University and Swansea City and County of Swansea as joint partners.
- 7.13 Extensive engagements in Ireland and Wales have taken place to prepare an Operation Logic Table for an Ireland Wales Co-operation Programme. The OLT has been submitted to WEFO.
- 7.14 The OLT will be considered by the Programme Technical Committee in early September, with the expectation that the programme will be invited to enter into the second stage of the submission process.
- 7.15 The anticipated total cost for this operation is €3 million calculated at this stage on previous experience and demonstrating excellent value for money against proposed targets.

The operation will be funded by the following:

- 80% of funding will be ERDF funding from the Ireland Wales Co-operation Programme.
- 20% of funding will be provided by partners through the established permitted mechanisms.

**Recommendation 4) That the bid for support from the Ireland-Wales programme for the Exportable project be supported.**

## **8.0 Equality and Engagement Implications**

- 8.1 Every European programme is subject to a full Equality (and Environmental) Impact Assessment, which are available for public consultation as programme development progresses. Projects and strategies developed for submission to the programme must detail how

they will address equality issues as a cross-cutting theme. The level of integration of equality into project and strategy design is part of the formal development and assessment process for every strategy and project seeking European funding.

## **9.0 Financial Implications**

9.1 The Hafod Copperworks HLF application requires a substantial cash contribution from the Council to demonstrate full backing and buy-in to the bid. The amount indicated in section 2 above is based on estimated minimum value of land sales at the copperworks site ring-fenced for supporting the site in a previous Cabinet report (Cabinet Meeting 13 January 2011 Minute 201).

9.2 A number of issues have been taken into consideration in developing the business plan based on experience from the current programming round:

- Taking advantage of opportunity to use 15% flat rate for overhead costs removing the need for an audit trail for certain internal transactions and meeting part of the match funding requirement for the programme. Use of the 15% flat rate overhead will also reduce administrative burden particularly in relation to audit.
- The proposed team is proportionate to the scale of the programme based on experience from the previous round.
- Redundancy costs are included to cover for the duration of the programme.
- Procurement advice will be sought as appropriate and will build on good practice established via previous EU programmes.
- Internal match funding requirement being kept low using internal staff time and flat rate overhead.
- Document retention and storage arrangements are now following the central archiving arrangement led by the European Office, as agreed at Executive Board in June 2014.

9.3 Any associated revenue costs will be met from existing revenue budgets.

## **10.0 Legal Implications**

10.1 Documentation prepared to support implementation of current collaborative arrangements will need to be reviewed against updated WEFO guidance, taking into account lessons learned from current implementation arrangements.

10.2 Generally the terms attached to EU Grant Funding are legally binding and should be formally recorded in an appropriate document/contract. Any joint bid by Regional Partners should similarly be so recorded and governance issues clarified in terms of legal responsibility and decision making.

### **Background Papers:**

None