



Cabinet Member for Investment, Regeneration & Tourism

External Funding Panel – 1 August 2018

Overview of Current and Forthcoming European and External Funding Applications

Purpose:	To provide an update on planned European and other External funding applications
Policy Framework:	Swansea Bay City Region Economic Regeneration Strategy.
Consultation:	Access to Services, Finance, Legal.
Recommendation(s):	It is recommended that: <ol style="list-style-type: none">1) The panel approves the submission of business plans to secure funding from the WG Building for the Future programme to refurbish Kings Building, Orchard House and the former BHS building.2) The panel approves the submission of application forms to the WG Targeted Regeneration Investment (TRI) Programme to establish and lead the Property Enhancement Development Grant (PEDG) and Sustainable Living Grant (SLG) on behalf of the region.3) That the panel approves the submission of applications to Natural Resources Wales grant open-call to deliver the Gower Hedgerow Hub, Our Nature: Our Future, and Swansea Wildlife Volunteers projects.4) The panel supports Swansea Council adopting the lead role in the Primrose Park project and the submission of re-profile to secure funding from WREN to deliver the project.
Report Author:	Elliott Williams
Finance Officers:	Aimee Dyer, Jayne James
Legal Officer:	Debbie Smith
Access to Services Officer:	Tracey Meredith

1.0 Introduction

- 1.1 This paper is an update on previous European and External funding reports 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
 - An update on the performance of European and Externally funded projects administered by the Economic Development and External Funding Service.

The applications are categorised by funding programme and theme.

Brexit and Future Regional Policy

- 1.2 In recent months the Welsh European Funding Office (WEFO) has been proactively promoting funding opportunities particularly via its European Social Fund (ESF). The European funding allocation for West Wales & the Valleys currently remains in place. Any funding for operations approved before the expiry of Article 50 of the Lisbon Treaty on 31st March 2019 will be backed by the UK Government Treasury Guarantee. Operations approved under the 2014-2020 ESI programme must be delivered by 31st December 2023, subject to approval from WEFO. Currently some operations such as Workways+ are approved to run until 31st December 2022.
- 1.3 As part of recent discussions with the Regional Engagement Team for Swansea Bay and WEFO it has been noted that due to changes to the exchange rate additional funding may be available for the region to access under a variety of ESF and ERDF priorities and specific objectives. Officers within the Economic Development and External Funding Team, in conjunction with internal and external colleagues are exploring opportunities to access these additional funds and to work up proposals that meet corporate priorities.
- 1.4 The UK Government is expected to formally launch a consultation on their proposed replacement for EU Structural Funds, the UK Shared Prosperity Fund during the Autumn with a view to progressing the development of the fund during 2018 to start in 2019. The WLGA is working with the LGA and other partners to influence the development of this fund and is advocating:
- the need for Wales' share of the fund to be allocated to Welsh Government in the first instance
 - that the amount of funding for Wales should be no less than if the UK had remained in the EU
 - that Welsh Government should set the direction for future regional policy in Wales, and;
 - that decision making and funding should be devolved down to the most appropriate level with local government helping to shape the new regional policy for Wales via the four regional partnerships.

2.0 European Regional Development Fund (ERDF) 2014-2020

European Regional Development Fund (ERDF) Priority 4 Objective 4 Welsh Government 'Building for the Future' scheme submissions

- 2.1 Swansea currently has three Building for the Future schemes prioritised by Pillar 3 of the Swansea Bay City Region Board. The aim of the programme is to bring key buildings back into use within the City Centre, focussing on commercial and retail refurbishment to increase floor space in-line with business needs. Welsh Government has now invited draft business plans for these schemes, which are outlined in the table below:

Project Title	ERDF Grant	Private Match Funding	Total Project Cost	Outputs
Kings Buildings The Kingsway	£382,250	£425,000	£807,250	38 Jobs Accommodated 6 SMEs Accommodated 2,850m ² refurbished
Orchard House The Kingsway	£841,582	£973,418	£1,815,000	75 Jobs Accommodated 9 SMEs Accommodated 4,500m ² refurbished
Former BHS Building	£928,219	£1,100,000	£2,028,219	800 Jobs Accommodated 9 SMEs Accommodated 4,000m ² refurbished

- 2.2 Swansea Council would serve as the lead applicant for all of the above schemes and will work with private sector leaseholders/freeholders of the buildings to lever in the private investment and enable the building refurbishment. As with all ERDF schemes there are outputs attached that need to be achieved on completion of the works such as number of jobs/SMEs accommodated and area of office space created or refurbished.
- 2.3 Each scheme led by Swansea Council will be managed and administered by the Economic Development and External Funding team, who will provide advice and guidance at Business Planning stage, undertake due diligence checks for the proposed development and developer/owner prior to awarding grant. A grant offer letter will be drafted and agreed with legal teams and no grant monies will be awarded until officers are satisfied with all compliance aspects of the scheme to ensure they stand up to external audit.
- 2.4 Business Plans the above schemes have now been drafted for submission to WG and WEFO. See section 5 and 6 for Financial and Legal implications.

3.0 European Social Fund (ESF) 2014-2020

Swansea Working: Workways+ Short Term Unemployed

- 3.1 In December 2017 the External Funding Panel approved the submission of a Business Plan to the Welsh European Funding Office to secure funding to deliver the Swansea Working/Workways+ Short Term Unemployed Project. This project would complement the existing employability projects under the

Swansea Working umbrella, which include Workways+, Communities for Work, Communities for Work+ and Cam Nesa. The project would fill the gap in employability provision for those who have been out of employment for less than 12 months and need mentoring support, re-training and upskilling to support them into sustainable employment.

- 3.2 Following approval from the panel a business plan was submitted and over the past six months there has been regular dialogue with WEFO, however due to staff absences in WEFO progress has been slow. It is hoped an approval will be received by the end of August 2018.

4.0 Other external funds

WG Targeted Regeneration Investment (TRI) Programme

- 4.1 Following on from the March 2018 External Funding Panel report, Welsh Government's Targeted Regeneration Investment (TRI) Programme and Regional Plan for Regeneration has now been approved. Commencing in April 2018 for 3 years will seek to support projects that promote economic regeneration – creating jobs, enhancing skills and employability and creating the right environment for businesses to grow and thrive – with a focus on individuals and areas most in need to ensure prosperity is spread to all parts of Wales.
- 4.2 Swansea Council has led on the coordination and development of the draft *Regional Plan for Regeneration* and will serve as the regional lead partner on behalf of Welsh Government and regional partners in the counties of Neath Port Talbot, Swansea, Carmarthenshire and Pembrokeshire.
- 4.3 The Regional Plan for Regeneration is not starting from scratch; rather it builds on the substantial experience and regeneration activities delivered through the previous Welsh Government Vibrant & Viable Places funding programme 2014-17.
- 4.4 The strategy proposes that three key projects will be available to the region to deliver Targeted Regeneration Investment within each LA area:
1. Property Enhancement Development Grant (PEDG)
 2. Sustainable Living Grant (SLG)
 3. Strategic Projects
- 4.5 The Property Enhancement Development Grant (PEDG) will address the need for retails and commercial floor space that meets the needs of businesses by providing gap funding for commercial building occupiers and owners to enhance building frontages and bring vacant commercial floor space back into beneficial business use. In addition, where a local need has been identified, it would fund development projects that create new commercial floor space.
- 4.6 Total project cost for PEDG is £5m over 3 years, total grant £3.475m. Grant interventions would average £50,000 – £500,000, with WG involvement in the approval process for grants over £250,000. The grant rate will take account of

local economic conditions and will be set at the minimum level needed for the project to proceed, up to a maximum intervention rate of 70%. This will be managed by local boards and subject to regional board approval.

Outputs from the scheme would include:

- TRI 02: Jobs accommodated – 30 in 18/19
- TRI 06: Investment induced - £1.525m over 3 years, £263,309 in 18/19
- TRI 07: Enterprises accommodated – 4 in 18/19
- TRI 09: Sq. m of non-residential premises created or refurbished – 1,500 in 18/19
- TRI 10: Number of non-residential premises created or refurbished - 4 in 18/19
- TRI 16: Number of non-residential units brought back into use – 3 in 18/19
- TRI 19: Number of SMEs based in Wales successfully securing contracts*
- TRI 20: Value of contracts awarded to SMEs in Wales*
- LA01: Training weeks created*

4.7 The Sustainable Living Grant (SLG) will support the conversion of vacant commercial floor space into new homes and can be used alongside Property Enhancement Development Grant and other initiatives to ensure comprehensive mixed use regeneration of properties. This will bring new tenants into the target areas, including young professionals, which will support the local economy and create a safer, more sustainable environment.

4.8 Total project cost for SLG is £5.2m over 3 years, total grant is £3.625m. Maximum grant per property would currently be £250k, subject to state aid rules. The grant rate will take account of local economic conditions and will be set at the minimum level needed for the project to proceed, up to a maximum intervention rate of 70% and a maximum of £20k per unit created. This will be managed by local boards and subject to regional board approval.

- Outputs from the scheme would include:
- TRI 06: Investment induced - £1.575m (£152,069 in 18/19)
- TRI 11: Number of additional market housing units – 8 units in 18/19
- TRI 12: Number of additional social housing units delivered – 0 in 18/19
- TRI 13: Number of additional intermediate housing units delivered – 0 in 18/19
- TRI 16: Number of non-residential units brought back into use – 2 units in 18/19
- TRI 19: Number of SMEs based in Wales successfully securing contracts*
- TRI 20: Value of contracts awarded to SMEs in Wales*
- LA01: Training weeks created*

4.9 Swansea Council will serve as the regional lead partner for the Property Enhancement Development Grant (PEDG) and Sustainable Living Grant (SLG). In order to establish these schemes for the region Welsh Government is inviting Swansea Council to submit a funding application for each grant scheme. The Economic Development and External Funding Team will manage and administer the PEDG and SLG grant funding schemes on behalf of Welsh Government and its Local Authority Partners. Staffing resource will

be built into the funding application to ensure sufficient capacity and expertise is available to undertake this role. See section 5 and 6 for Financial and Legal implications.

- 4.10 Potential TRI funded strategic projects are now being discussed with the Regeneration Swansea partnership and will be brought to future External Funding Panel meetings.

Natural Resources Wales (NRW) – Open Call

- 4.11 Following on from the March 2018 External Funding Panel Report which provided in-principle approval of the submission of EOIs to Natural Resources Wales, applications have now been invited for the following small scale projects:

1) Gower Hedgerow Hub:

The project will establish a 'Hedgerow Hub' for Gower and Swansea. It will bring together a wide range of people supporting them to take action to manage and improve hedgerows, and raise awareness of them as unique features and habitats that provide multiple benefits to the health, resilience and interconnectedness of people and planet.

2) Our Nature, Our Future:

To address the challenge of “helping people to live healthier and more fulfilled lives through improved access to the outdoors” this project enables schools and their wider communities to sustainably access local natural resources to:

- Improve pupil attainment and wellbeing
- Increase use, understanding, and appreciation of natural resources and their benefits
- Increase public involvement in local natural resource management

3) Swansea Wildlife Volunteers:

This Project aims to improve the quality, resilience, connectivity and accessibility of a range of designated sites of biodiversity importance across Swansea, through developing and supporting local community and volunteer engagement in helping to manage, enhance and look after local natural resources. The aim would be to identify at least one site in each of a number of selected Swansea wards focusing initially on some of the most deprived wards within the County. It involves the appointment of a part time Volunteer Co-ordinator on a contract basis (initially for approximately 2 days per week) to develop, support, and co-ordinate opportunities for people to participate in voluntary nature conservation, habitat management, creation, monitoring and access work throughout the City and County of Swansea.

- 4.12 Project costs for the above proposals are outlined below. The match funding would be sourced from external third parties such as Gower Society and volunteer time.

Project Title	NRW Grant	Match Funding	Total Project Cost
Gower Hedgerow Hub	£40k	£51k	£91k
Our Nature, Our Future	£27k	£27k	£54k
Swansea Wildlife Volunteers	£42k	£42k	£84k

- 4.13 Detailed costings and delivery plans have been drafted in support of the Expression of Interest, which if successful commence delivery in August/September 2018. Match funding has been identified within existing core resources, utilising officer time, volunteer time and other grants such as HLF are already secured.

WREN Grant – Primrose Park Project, Llansamlet

- 4.14 The Friends of Primrose Park group was set up by local residents from the community in March 2016 with the aim of improving and enhancing the landscape, facilities and environment to provide a welcoming park to the residents of Llansamlet.
- 4.15 Earlier this year the Friends group applied to WREN to secure grant funding to redevelop Primrose Park, Llansamlet to help serve current users and encourage new users to utilise the facilities. The proposed development includes:

MUGA: to provide all year round area for sports for all ages. This will involve the ground works, excavation, drainage, construction and installation of the all-weather sports area which will be fenced off and have chicane or double gate entry along with exit points behinds the goals.

Walking/Exercise Trail: to create an all year facility. This would involve ground works, clearance of culvert, creation of drainage for the trail and adjacent land, excavation works, creation of hard surface trail, which will link into current paths.

Double Cableway: a facility that would be used by all ages. This will involve the installation of grass mats, creation of mounds, installation works of the system.

Landscape Improvements: enhancement and improvement of un-used and under used land area, which will improve the environmental and welcoming nature of the park. This will involve: clearance works, installation of concrete edging, landscaping of land area, creation of and installation of covered area, seating, raised flower beds

Park Paths: developing paths and enhancements, which will make the park more suitable for all area access. This will involve groundworks, excavation, and installation of concrete edging, clearance works and laying of tarmac.

- 4.16 Following the submission of the grant application to WREN the Friends of Primrose park subsequently secured funding from CETB to match fund the project along with contributions totalling £10,641.96 from member community

budgets. As a result of ongoing support provided to the friends group the Economic Development and External Funding Team has been asked to adopt the lead role in managing and administering the project which currently requires an urgent re-profile of the funding package to secure the WREN grant, as outlined below:

Cost Heading	WREN Original	WREN Revision	CETB Funding	Total Cost
Walking and exercise trail	25,000	25,000		25,000
Tarmac paths	16,900	30,900		30,900
Multi Use Games area	44,505	10,003	49,998	60,000
Double cableway	12,590	12,590		12,590
Stone wall repointing	0	5,000		5,000
Turnstyle gates	0	4,500		4,500
Contingency	0	11,003		11,003
Total	98,995	98,995	49,998	148,993

- 4.17 It is proposed that the Economic Development and External Funding Team adopts the lead role in managing and administering the Primrose Park Project as outlined above, to ensure successful completion of the scheme in-line with grant funding requirements. The project delivery is fully funded via external grants and contributions from member community budgets, with no requirement for additional council revenue or capital funds. Longer term responsibility for the financial implications associated with holding the asset delivered is borne by internal services.

5.0 Equality and Engagement Implications

- 5.1 Every European programme is subject to a full Equality Impact Assessment, which are available for public consultation as programme development progresses. Projects and business plans 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 design is part of the formal development and assessment process for every business plan and project seeking European funding. These cross-cutting themes are included within the Business Plan and cover:
- equal opportunities and gender mainstreaming;
 - Welsh language;
 - sustainable development; and
 - tackling poverty
- 5.2 Business Plans (Further Strategic Criterion – Cross-Cutting Themes), will address the specific ways in which these themes will be addressed throughout implementation of the project.
- 5.3 In line with the Equality Act 2010 and Public Sector Equality Duty for Wales, the City and County of Swansea will ensure that the project adheres to the

City and County of Swansea Strategic Equality Plan 2016-2020 meeting the requirements of the authority's procedures.

6.0 Financial Implications

- 6.1 A number of issues have been taken into consideration in developing the business plans based on experience from the current programming round:
- Use of the 15% flat rate overhead will 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 Economic Development and External Funding Team, as agreed at Executive Board in June 2014.
- 6.2 Any associated revenue costs will be met from existing revenue budgets. There is no requirement for the authority to make additional match funding contributions outside existing revenue budgets.
- 6.3 Any match funding required to deliver capital schemes will be met by external private sector investment and there is no requirement for the authority to make capital match contributions to these schemes.
- 6.4 For Primrose Park, post-delivery responsibility for the financial implications associated with holding the asset are borne by internal services.

7.0 Legal Implications

- 7.1 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.
- 7.2 Any projects or grant proposals developed and subsequently delivered or administered in partnership with internal or external organisations will be managed in-line with Service Level Agreements, adhering to the terms and conditions set-out in Grant Offer Letters and following City and County of Swansea policies. In the case of grant investment in private sector developments a legal charge will be placed on property or assets linked to the grant recipient to ensure recipient adheres to grant offer terms and conditions for the necessary period to ensure financial risk to the authority is mitigated.
- 7.3 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.

- 7.4 These projects are fully compliant with the Well-being of Future Generations (Wales) Act 2015. The project objectives align with the Council's obligation to act in a sustainable way and the examples of public and private sector investment demonstrate compliance with the 5 Ways of Working promoted by the Act and will make a significant contribution to the 7 well-being goals.

Background Papers: None

Appendices:

- Appendix 1 – Kings Building EFP1 form
- Appendix 2 – Orchard House EFP1 form
- Appendix 3 – Former BHS Building EFP1 form
- Appendix 4 – PEDG EFP1 form
- Appendix 5 – SLG EFP1 form
- Appendix 6 – Gower Hedgerow Hub EFP1
- Appendix 7 – Our Nature, Our Future EFP1
- Appendix 8 – Swansea Wildlife Volunteers EFP1
- Appendix 9 – WREN EFP1