



Cabinet Member for Investment, Regeneration & Tourism

Cabinet – 21 February 2019

FPR7 - The Welsh Government Targeted Regeneration Investment Programme 2018-21

Purpose:	To comply with Financial Procedure Rule No.7 (Capital Programming and Appraisals) - to commit and authorise the addition of new schemes to the Capital Programme.
Policy Framework:	Swansea Bay City Region Economic Regeneration Strategy, City Centre Strategic Framework.
Consultation:	Access to Services, Finance, Legal.
Recommendation(s):	It is recommended that: 1) Cabinet approve the proposed PEDG, SLG and Strategic Projects under the WG Targeted Regeneration and Investment (TRI) Programme, the associated Financial Implications and add these schemes to the capital programme.
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1.0 Introduction

- 1.1 This report provides an update to the 17th May 2018 Welsh Government Targeted Regeneration and Investment (TRI) Programme 2018-21 Cabinet Report and outlines the three proposed thematic schemes for inclusion within the Capital Programme during 2018-21. The thematic schemes outlined in this report are the Property Enhancement Development Grant (PEDG), Sustainable Living Grant (SLG) and Strategic Projects (SP).

2.0 Background

- 2.1 The Welsh Government's Targeted Regeneration Investment Programme (TRIP) 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
- 2.2 Swansea Council has led on the coordination and development of the *Regional Plan for Regeneration* on behalf of Welsh Government and regional partners in the counties of Neath Port Talbot, Swansea, Carmarthenshire and Pembrokeshire. The Regeneration Plan sets the strategic context for the regional development and implementation of TRIP.
- 2.3 The May 2018 Cabinet report provided an overview of the South West Wales Regional Plan for Regeneration, outlining target areas, governance arrangements, thematic grant schemes and scope of activities possible under the £27m WG TRI Programme. The report outlined the key target areas for regeneration as being Swansea City Centre & Tawe Riverside Corridor and Morriston. The recommendation to approve the proposed strategy, schemes and their Financial Implications was supported by Cabinet.
- 2.4 To address the key issues identified in the target areas, and deliver the aims and objectives of the Regional Plan for Regeneration, the following thematic areas for investment were identified:
 - Property Enhancement Development Grant (PEDG) - to enhance building frontages and bring vacant commercial floorspace back into beneficial use.
 - Sustainable Living Grant (SLG) – to support the conversion of vacant commercial floorspace into homes
 - Strategic projects – a key fund to develop regeneration proposals of scale.
- 2.5 The Property Enhancement Development Grant (PEDG) will address the need for retail 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.
- 2.6 Total project cost for PEDG is £7.225m over 3 years, total grant £5.025m for the region. 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.
- 2.7 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.

- 2.8 Total project cost for SLG is £2.975m over 3 years, total grant is £2.075m, for the region. 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.
- 2.9 Following approval of the Cabinet report in May 2018 application forms to establish the PEDG and SLG grant schemes were drafted and submitted to Welsh Government to secure the required grant funds as part of these thematic schemes. The External Funding Panel approved the submission of these applications at the August 2018 meeting. Following further discussions with Welsh Government the Copperopolis Access and Infrastructure project was developed and submitted as part of the Strategic Projects thematic scheme, following approval at the External Funding Panel meeting in October 2018. Copies of the application forms for PEDG, SLG and Strategic Project – Copperopolis Access & Infrastructure are attached at appendices 2, 3 and 4.
- 2.10 As a TRI Strategic Project, the Copperopolis Access and Infrastructure scheme is the next major phase of regeneration of the Copperopolis zone on the banks of the River Tawe near the Liberty Stadium. Significant momentum has been generated meaning the ongoing programme has reached a stage where access and infrastructure works are necessary to open the door to investment in the remaining major buildings and structures. As a major visible landmark, the wider Copperworks site is both a litmus test for, and a catalyst of the regeneration of Swansea as a whole as a place to live, work and play.

The next phase of works required falls into three main categories:

1. Access and Connectivity to include interpretation on both sides of the Tawe to realise the vision of a vibrant heritage park through comprehensive footpath (and where appropriate vehicular access), including stunning working features such as the Bascule Bridge and Smiths Canal
 2. Commercial and Community floor space to bring forward key buildings and orientation points
 3. Essential Enabling Infrastructure to activate all development sites to enable them for investment.
- 2.11 Completion of this work will unlock the potential for development of the remaining buildings and sites. Activity at the site forms part of a wider package of economic regeneration activities including heritage and economic links to the Morriston area in particular. A positive investment decision will provide the confidence required to concurrently offer the remaining buildings to the market to unlock further private investment.
- 2.12 The total project cost for the Strategic Project – Copperopolis Access & Infrastructure is £4.65m over 3 years, with a total grant of £2.75m and identified match funding of £1.9m. Swansea Council match funding of £1.44m has been identified within existing budgets earmarked to refurbish the

Bascule Bridge (£850k), the Musgrave Engine House (£190k), and an S106 contribution (£400k). The balance of match funding will be sourced through other external grants namely CADW and another unconfirmed WG funding bid. Crucially, as part of the proposal the authority would generate £2.75m WG TRI grant towards the wider Copperopolis programme of works as a result of packaging together these smaller complementary schemes using these earmarked funds as match funding.

- 2.13 Swansea Council will serve as the regional lead partner for the Property Enhancement Development Grant (PEDG) and Sustainable Living Grant (SLG). 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. The team will also manage and administer the local Strategic Project – Copperopolis Access & Infrastructure. Staffing resource is built into the funding application to ensure sufficient capacity and expertise is available to undertake this role to see the scheme through to successful completion in-line with grant funding requirements. See section 3 and 4 for Financial and Legal implications for all three schemes.

3.0 Financial Implications

- 3.1 At present grant approval letters have been received from Welsh Government for both PEDG and SLG. The outstanding grant approval letter for the Copperopolis Strategic Project is likely to be issued during February 2019.
- 3.2 Any match funding required to deliver the PEDG and SLG 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.
- 3.3 The tables below outline the total regional project costs, grant intervention and match funding requirements over the 3 financial years for PEDG and SLG, along with an indicative budget allocation for Swansea Council within the regional total. It is worth noting that each Local Authority currently has an indicative budget within PEDG and SLG as agreed from the outset, however Welsh Government does allow flexibility to adjust funding levels between all three grant schemes and Local Authority areas during the 3 year period. The Copperopolis Access and Infrastructure Strategic project is local to Swansea therefore all profile figures relate solely to Swansea.

Funding Package – PEDG and SLG

Regional PEDG Total	Current financial year (18/19) £	Year 1 (19/20) £	Year 2 (20/21) £	Total £
Total project cost:	583,751	2,795,104	3,846,145	7,225,000
Capital – grant pot	368,000	1,794,000	2,461,000	4,623,000
Capital – fees	38,000	150,000	214,000	402,000
Revenue	0	0	0	0
<i>Grant applied for:</i>				
Capital – Total Grant	406,000	1,944,000	2,675,000	5,025,000

Revenue	0	0	0	0
Match Funding- Private	177,751	851,104	1,171,145	2,200,000
Swansea PEDG Allocation*	Current financial year (18/19) £	Year 1 (19/20) £	Year 2 (20/21) £	Total £
Total project cost:	476,119	703,090	746,021	1,925,229
Capital – grant pot	297,000	414,000	416,000	1,127,000
Capital – fees	34,141	75,000	102,859	212,000
Revenue	0	0	0	0
Grant applied for:				
Capital – Total Grant	331,141	489,000	518,859	1,339,000
Revenue	0	0	0	0
Match Funding- Private	144,977	214,090	227,162	586,229
<i>*Swansea PEDG allocation is part of the Regional Total PEDG</i>				

Regional SLG Total	Current financial year (18/19) £	Year 1 (19/20) £	Year 2 (20/21) £	Total £
Total project cost:	501,807	896,084	1,577,108	2,975,000
Capital – grant pot	322,000	575,000	1,012,000	1,909,000
Capital – fees	28,000	50,000	88,000	166,000
Revenue	0	0	0	0
Grant applied for:				
Capital – Total Grant	350,000	625,000	1,100,000	2,075,000
Revenue	0	0	0	0
Match Funding- Private	151,807	271,084	477,108	900,000
Swansea SLG Allocation*	Current financial year (18/19) £	Year 1 (19/20) £	Year 2 (20/21) £	Total £
Total project cost:	501,807	617,940	603,602	1,723,349
Capital – grant pot	322,000	391,000	368,000	1,081,000
Capital – fees	28,000	40,000	53,000	121,000
Revenue				
Grant applied for:				
Capital – Total Grant	350,000	431,000	421,000	1,202,000
Revenue				
Match Funding- Private	151,807	186,940	182,602	521,349
<i>*Swansea SLG allocation is part of the Regional Total SLG</i>				

- 3.4 As detailed in the table above, the PEDG and SLG schemes will require no match funding from Swansea Council as this will be levered in via private sector developers, adopting the approach previously taken when administering the WG Vibrant and Viable Places PDG and HAS grant schemes. Swansea Council match funding will however be required for the Strategic Project - Copperopolis Access and Infrastructure, which has been

identified within existing capital commitments and S106 funds to be realised during the programme period.

Funding package: Strategic Project – Copperopolis Access & Infrastructure

Strategic Project – Copperopolis Access & Infrastructure	Current financial year (18/19) £	Year 1 (19/20) £	Year 2 (20/21) £	Total £
Total project cost:	1,250,000	2,050,000	1,350,000	4,650,000
Capital – works	1,050,000	1,950,000	1,300,000	4,300,000
Capital - fees	200,000	100,000	50,000	350,000
Revenue	0	0	0	0
Grant applied for:				
Capital – Total Grant	1,150,000	1,200,000	400,000	2,750,000
Revenue	0	0	0	0
Match Funding Internal	0	850,000	590,000	1,440,000
Bascule Bridge*	0	850,000	0	850,000
Musgrave Engine House*	0	0	190,000	190,000
S106 Agreement*	0	0	400,000	400,000
Match Funding External	100,000	0	360,000	460,000
CADW Musgrave EH*	100,000	0	0	100,000
WG Grant - TBC	0	0	360,000	360,000
*secured/budgeted match funding in place				

- 3.5 There will be no future revenue implications arising from the schemes other than potential redundancy costs identified within the staff costs budget headings at the cessation and ultimate delivery of the scheme. Any ongoing maintenance costs would be absorbed within existing budgets.

4.0 Legal Implications

- 4.1 The Council will need to comply with the terms and conditions attached to any grant funding utilised in conjunction with the regeneration match funding budget identified in this report.
- 4.2 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.
- 4.3 Generally the terms attached to WG Grant Funded schemes 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.

- 4.4 All contracts for works, goods and services necessary to deliver the projects must be procured in accordance with the Council's Contract Procedure Rules and the relevant EU Regulations as appropriate. The contractual liabilities/obligations of the Council and any appointed contractors will be covered by the individual contracts entered into.
- 4.5 All statutory consents required in proposals to utilise the regeneration match funding budget will be the responsibility of the Planning and City Regeneration Service will be formally recorded in an appropriate document/contract.

5.0 Equality and Engagement Implications

- 5.1 Every 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/application and project seeking 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 The Council is subject to the Public Sector Equality Duty (Wales) and must, in the exercise of their functions, have due regard to the need to:
- Eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Act.
 - Advance equality of opportunity between people who share a protected characteristic and those who do not.
 - Foster good relations between people who share a protected characteristic and those who do not.

Our Equality Impact Assessment process ensures that we have paid due regard to the above.

- 5.3 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.
- 5.4 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.
- 5.5 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 – Financial Implications

Appendix 2 – EIA screening form TRIP PEDG

Appendix 3 – EIA screening form TRIP SLG

Appendix 4 – EIA screening form TRIP Strategic Project – Copperopolis