



REGENERATION AND ENVIRONMENT SCRUTINY COMMITTEE – 17TH SEPTEMBER 2013

SUBJECT: CONVERGENCE AND FUTURE EUROPEAN FUNDING 2014-2020

REPORT BY: ACTING DEPUTY CHIEF EXECUTIVE

1. PURPOSE OF REPORT

- 1.1 This report is intended to provide Members with the latest update on the existing Convergence Programme which ends in December 2013 and an outline of the future replacement programme, Wales and the EU: Partnership for Jobs and Growth from January 2014 – 2020.

2. SUMMARY

- 2.1 The current Convergence Programme closes December 2013, and once all projects have been completed, the Council will have secured nearly £37m of European grant. The resultant economic climate means that Wales will continue to qualify for further Structural Fund support, and the new programme is being developed, with a planned implementation date starting 1st January 2014, covering the next 7 year funding round.

3. LINKS TO STRATEGY

- 3.1 European funded projects contribute directly to the priorities and activities set out in “People, Business, Places”, Caerphilly’s Regeneration Framework and Action Plan and also links directly to the priorities set out in “Caerphilly Delivers”, the Single Integrated Plan.

4. THE REPORT

Convergence Programme 2007 –2013

- 4.1 The present 2007-13 Convergence Programme will close on the 31st Dec 2013, allowing projects to run until 2015. Across Wales this has had an EU budget value of just over £1.7bn.
- 4.2 While presenting a snapshot of the financial benefit the Borough has received through the current Programme, Members should note it is difficult to produce exact figures as a number of projects are regionally led from outside the Borough, and Welsh Governments led projects do not always produce localised figures. Similarly projects have recently been approved, or in the process of changing spend profiles.
- 4.3 In contrast, the previous Objective 1 programme had a strong local delivery element that required all local or regional projects to be supported or considered by the local Partnership. The adoption of the wider regional and centralised approach under Convergence has on times by-passed or at least made it difficult to co-ordinate information and identify such commitment across Council, and the Council may wish to consider a more centralised approval, reporting infrastructure in the future.

- 4.4 The following table splits approved funding and projects between European Social Fund (ESF), training based, and European Regional Development Fund (ERDF) that are capital orientated. Members are asked to note that, at the close of the Programme, the Council will have invested in 25 projects, secured nearly £37m of EU grant, which contributed to a total project spend of over £70m. A breakdown of spend by individual projects is attached as Appendix 1.

CCBC Projects	Total Project Cost	Convergence Grant	CCBC Match Funding
9 ERDF	£36.7m.	£15.6m.	£21.1m.
16 ESF	£33.6m.	£20.99m.	£12.64m.
25 Projects	£70.31m.	£36.60	£33.71

European Structural funds 2014 – 2020

- 4.5 West Wales and the Valleys will qualify for the new round of European Structural Funds Programmes covering the period from the 1st January 2014 to December 2020. The European Budget is key to development and allocation, and while agreed in June 2013, it will not be ratified until the autumn. However, the Minister for Finance in Welsh Government announced on 9th July that West Wales and the Valleys will receive approximately £1.67bn, representing a smaller cut than originally expected, some 4% less than the corresponding 2007-2013 budget.
- 4.6 The development of this and other EU programmes such as Rural Development Programme is well underway and while Welsh Government is working to a January 2014 start date, it is widely considered that the Programme will not be open to applications until mid-2014. While Programme detail is still in development, it is clear that Member State Programmes will reflect the Commission's Europe 2020 Economic Strategy for Jobs and Growth. Therefore any future EU Structural Fund Programmes will be framed towards National Government response and ultimately support Welsh Office Strategies. The Council responded to the Consultation on the draft programme document, Wales and the EU: Partnership for Jobs and Growth in April 2013. In the Ministerial statement in July, the Welsh Government response reflected very few changes, and it's infrastructure of internal and external groups will continue to develop that detail.
- 4.7 At the Local Government level, this is coordinated by the Welsh Local Government Association (WLGA), with the South East Wales Directors of Environment & Regeneration Board (SEWDERB) acting as the regional steering Group for the 10 SE local authorities. Local Authority Officers currently sit on 10 task and finish groups that include ICT, transport, town centre urban regeneration, skills, ICT. The Groups' overriding objective is to help developing the above, looking at potential areas for development and integration. The Council has representatives on these Groups and, internally, meet regularly to share feedback and progress.
- 4.8 Welsh Government's Draft Document identified the following priorities and within each fund, set resource percentages against certain objectives. Equal Opportunities and Sustainable Development remain cross cutting themes, but the debate to add Poverty and Social Inclusion has been dismissed as Welsh Government maintains the correlation between employment and training will address such issues. Consequently, the new programme proposes –
- 4.8.1 **4 European Regional Development Fund (ERDF) Priorities:**
- Research, technological development and innovation
 - Enterprise and SME competitiveness
 - Sustainable transport and Network infrastructure
 - Renewable energy and energy efficiency.

4.8.2 **3 European Social Fund (ESF) Priorities:**

- Helping people into work (Employment for All)
- Skills and lifelong Learning (Skills for all)
- Early Years and Young People (Brighter Futures)

4.9 The aim for jobs and growth will inevitably dictate that future funding opportunities will need to reflect and be shaped by the above. It is clear that there will be little opportunity for capital orientated projects such as Bargoed and Newbridge Town Centres Regeneration, and projects will clearly need to show co-ordination, links and correlation. Apart from addressing skills and training, projects will need support businesses and create opportunities, to link transport to employment, changing roles of towns, ITC development for wider use and attracting businesses.

4.10 In March 2013, the Guilford Review was published and reviewed arrangements for the 2014-2020 programmes. This has been adopted by Welsh Government, and will influence future developments and includes:

4.10.1 An Economic Prioritisation Framework (EPF) targeting EU funding. This should allow for development and processing of projects.

4.10.2 The use of existing experience to provide a backbone for initial projects.

4.10.3 A project support infrastructure using experience and expert support.

4.10.4 European Funding's location within the Welsh Government structure.

4.10.5 The integration of EU Funding streams and consolidated Programme Monitoring Committee (recruitment for which will commence shortly and should be completed before the end of the calendar year).

4.11 As noted earlier, the WLGA, Local Authorities and its partners have been particularly active over this period but despite the Minister comments, still have some concern at the lack of central progress. WEFO still maintains that the January 2014 start date is still feasible, but there remain some specific concerns on:

4.11.1 **Funding** – budget and allocations not agreed and, despite lobbying the Commission to increase grant rates, match funding arrangements are still unclear.

4.11.2 **Delivery** – No firm direction on programme delivery or process simplification.

4.11.3 **Mono funding approach** – the integration of funding programmes is welcomed but the RDP is at least a year behind, and will be administered by a separate WG Department.

4.11.4 **Programme Content** - WG backbone projects are still being developed, so there is an element of unknown and a consequent risk of regional duplication. There is also a lack of clarity on WG integration of City Regions and Enterprise Zones

5. **EQUALITIES IMPLICATIONS**

5.1 Members will note that equalities are cross cutting themes and each project will need to address according to each theme. There is essentially no change in this requirement. As this report is for information purposes only, the Council's full Equalities Impact Assessment process does not need to be applied. The planned investments inherent in the EU Funding programmes will however benefit many different groups in the community.

6. FINANCIAL IMPLICATIONS

- 6.1 Project development and ultimate approval will be dependant of the amount of match funding the Council can produce. Under Convergence, Welsh Government established a limited competitive Targeted Match Funding Budget, “a match funding pot of last resort”, but there appears to be no discussion for the new programme and the Minister for Finance was not able to provide any detail on this in her announcement on 9th July, but referred to their efforts to negotiate an increase in the EU funding intervention rates by about 10%.

7. PERSONNEL IMPLICATIONS

- 7.1 While it can be expected that the new programme will finance technical assistance, it is not clear what delivery infrastructure will be introduced. However, there will be additional activity in running and closing the existing Convergence programme, while developing and implementing the new one. Once the delivery of the new programme is clearer, the Council will be in a position to consider accordingly.

8. CONSULTATIONS

- 8.1 All comments received are included in the report.

9. RECOMMENDATION

- 9.1 That Members note the progress made on the existing Convergence Programme and the developments for the new EU funding Programmes for 2014-20.

10. REASONS FOR THE RECOMMENDATIONS

- 10.1 European Funding has been a major contributor to provision of services and improvements within the Borough, and participation in this future programme will make similar important contributions.

11. STATUTORY POWER

- 11.1 Local Government Act 2000.

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Background Papers:

Wales and the EU: Partnership for Jobs and Growth 2013

<http://wales.gov.uk/consultations/businessandconomy/130114walesandtheeu/?status=open&lang=en>

The Guilford Review Report 2013

<http://wales.gov.uk/docs/wefo/publications/130312guilfordreporten.pdf>

WLGA Bulletins and Updates

<http://www.wlga.gov.uk/english>

Statement by the Minister for Finance: Progress on the Development of European Structural Fund Programmes 2013-2020

http://wales.gov.uk/consultations/businessandconomy/130114walesandtheeu/?lang=en&utm_source=130114&utm_medium=wefowebste&utm_campaign=consultation_en

Appendices:

Appendix 1 of 1 – Table of EU Funded projects 2007-13