

East Wales ERDF: 2016 Annual Implementation Report

Annex 1: Citizen's Summary

Overview

Wales benefits from around €2.4bn of EU Funds through the four Structural Funds programmes 2014-2020. This includes around €407m under the East Wales European Regional Development Fund (ERDF) Programme to help deliver economic growth by promoting high levels of sustainable employment, developing a skilled and responsive Welsh workforce now and for the future.

This Programme is split into five priority areas:

Priority 1: Research and Innovation

Priority 2: SME Competitiveness

Priority 3: Renewable Energy and Energy Efficiency

Priority 4: Connectivity

Priority 5: Technical Assistance

This is the second Annual Implementation Report for the East Wales ERDF Programme, covering the reporting year of 2016.

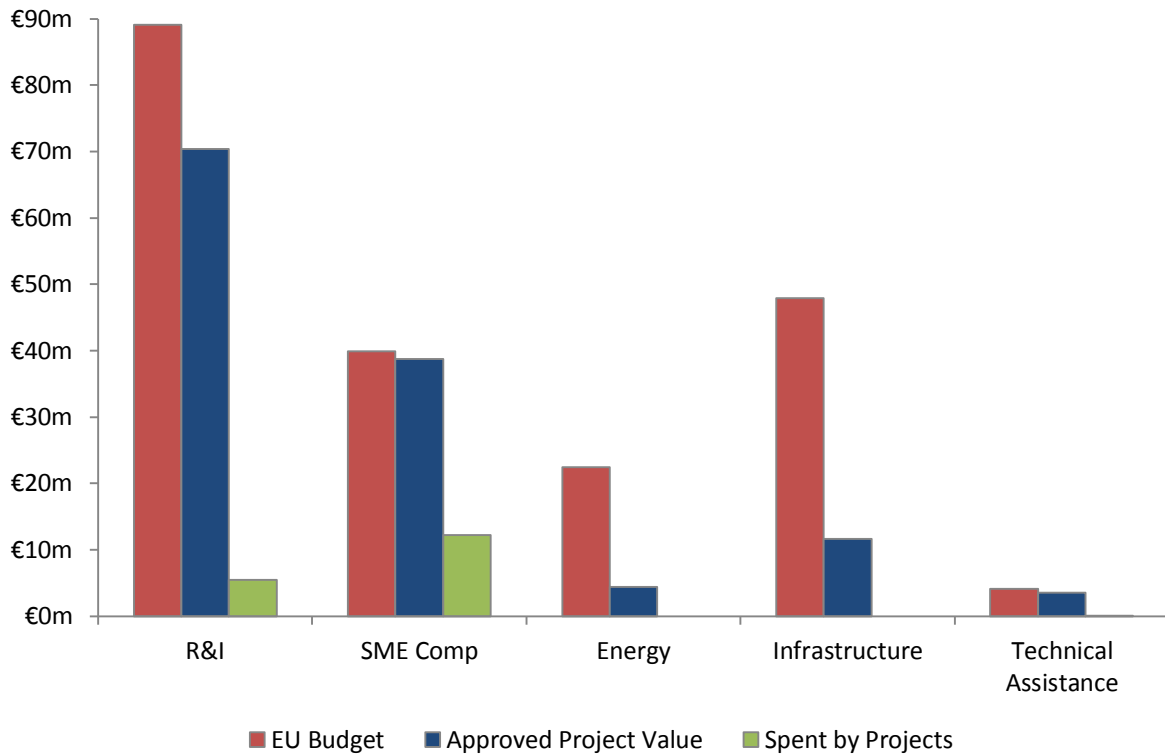
Key achievements in 2016

- By the end of 2016, €129m of EU funds invested in 23 projects, driving a total investment of €283m in East Wales.
- WEFO achieved its 60% commitment target across all programmes to help ensure all EU funds are maximised before the UK leaves the EU.
- Over 1,000 businesses supported (including the setting up of almost 440) and 420 jobs created.
- £21m of research income generated through EU projects.
- In June, Cardiff University's Brain Research and Imaging Centre (CUBRIC) was officially opened by the Queen and has since won project of the year award by the Royal Institution of Chartered Surveyors.
- Launch in September of the £226m Wales Business Fund, which provides finance for Welsh SMEs.
- WEFO designated as the Managing and Certifying Authority for the 2014-2020 Structural Funds.

Financial progress

The following chart shows, at Priority level, the total allocation of EU funds, how much has been invested in projects, and how much has been spent by projects.

Chart 1: EU Funds: Budget, Approved and Spent



Projects approved up to the end of 2016

Descriptions of projects approved within each Programme Priority and case studies are available on the Welsh Government website at www.gov.wales/eu-funding

Priority 1: Research and Innovation

By the end of 2016, this Priority had achieved almost full commitment, with 92% of the Priority's funds invested in seven projects. During 2016, ERDF of over £13m was awarded to Cardiff University's Institute for Compound Semiconductor (ICS) to bridge the gap between the research lab and market exploitation and deliver new products, processes and services. It is a key element in the overall development of a compound semiconductor 'cluster' in East Wales, aiming to become globally recognised as the 5th semiconductor cluster in Europe but more importantly the first in compound semiconductors. The focus early on during the programming period has been to develop strategic projects which will deliver the key elements of the Priority; that is a step change in the knowledge economy. Building on this, a call was launched at the end of 2016 to address the commercialisation aspect of this Priority. New innovative proposals that can successfully translate research and innovation into new and improved commercial products, processes and services will be considered and supported from 2017 to address programme indicators in this area.

Priority 2: SME Competitiveness

Supporting seven projects, nearly full commitment (at 97%) had been achieved within this Priority by the end of 2016. Allocations within this Priority form an integrated suite of investments led by the Welsh Government, Wales Co-Operative Centre, Finance Wales and the Wales Council for Voluntary Action that make up the 'Business Wales Family'.

Project forecasts against targets within this Priority are as expected at this stage of programme.

Priority 3: Renewable Energy and Energy Efficiency

This Priority is focused on supporting small scale community renewable energy schemes and increasing the energy efficiency of existing Welsh housing stock, specifically targeting households facing severe fuel poverty. With 20% of the Priority's total allocation committed, workshops have taken place to raise the awareness of available funds for small scale community renewable energy schemes and a number of potential schemes are now under consideration. Further promotional activity involving a Community Energy call will take place in the spring of 2017. Development of the Welsh Government's ARBED 3 scheme to address energy efficiency in housing was underway during 2016, with delivery expected to begin in early 2017.

Schemes funded within this Priority are mainly capital builds and so while at this stage of programme delivery it is too early to make any firm judgements on delivery against the Priority's targets, there are no current performance concerns.

Priority 4: Connectivity

This Priority supports activities around Broadband access and phase 2 of the Cardiff Capital Region Metro. By the end of 2016, 24% of this Priority's allocation had been invested in two Broadband schemes.

Progress continued to be made during 2016 on the development of the Metro Phase 2 project which will complement the corresponding project seeking funds from the West Wales and the Valleys programme.

Based on project approvals and pipeline proposals, delivery against the indicator targets appears to be on track.

Priority 5: Technical Assistance

By the end of 2016, over 82% of this Priority's allocation had been committed to six projects. This included approval of the four 'Regional Engagement Teams' (North Wales, Mid Wales, Swansea Bay and South East Wales) to help support the management and delivery of the Programme by ensuring integrated regional delivery and greater economic prioritisation of projects. The RETs also work with the Regional Skills Partnerships on regional proofing and engagement of ERDF projects. Towards the end of 2016, WEFO's Technical Assistance project was also approved to help successfully manage programme implementation.