

East Wales ERDF: 2015 Annual Implementation Report

Citizen's Summary

Overview

Wales is benefiting from around €2.4bn of EU Funding under the four Structural Funds Programmes for the period 2014-2020, including around €200m under the East Wales ERDF Programme¹. These Programmes will focus on investments that can contribute to the creation of sustainable jobs and economic growth, with a concentration of resources in those areas where the greatest impact can be made.

This is the first Annual Implementation Report for the East Wales ERDF Programme, covering the reporting years of 2014 and 2015. The year 2014 focussed mainly on planning and negotiating the new Operational Programmes with the European Commission. 2014 was also used to put implementation arrangements in place. The East Wales ERDF Programme was approved on 21 November 2014.

Key achievements over 2014/2015 reporting years

- By the end of 2015 €72m of EU Grant has been committed to ten operations which, together with match funding, represents €157m of investment.
- A Programme Monitoring Committee (PMC) was formally constituted on 05 December 2014 and met four times during 2015. The PMC has strategic oversight of all European Structural and Investment Funds in Wales.
- The PMC formally agreed for the Structural Fund Programmes in 2015 the:
 - assessment and selection criteria for operations
 - Monitoring and Evaluation strategy
 - Communications plan

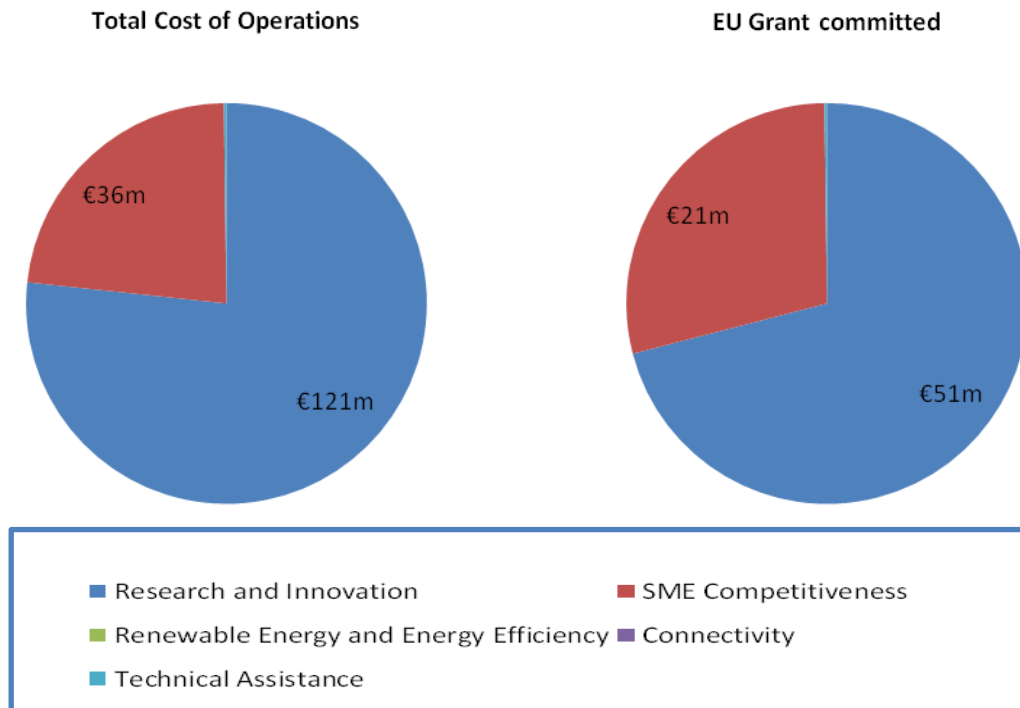
These documents and the minutes of the PMC can be found on the European Funds pages of the Welsh Government website.

- Systems have been put in place to manage the Programme and a suite of guidance has been produced and published for organisations wishing to access funds.
- During 2014/2015 research was undertaken on the provision of grants to SMEs in Wales including research relating to the viability of setting up financial instruments across the programme. This research can be found on the WEFO website.

¹ Figures for EU Grant allocation

Financial progress

The following charts show the amount of commitment (total and EU Grant) broken down by Priority axis:



Operations approved up to the end of 2015

Descriptions of operations approved under each Programme Priority are provided below. Case studies of approved operations can be found on the Welsh Government website at www.gov.wales/eu-funding

Priority 1 – Research and Innovation

Five operations had been approved under the Priority axis. This includes the 'gateway' to the Priority through the approved *Smart Innovation* operation. This is supported by the innovation vouchers and grants for product development available from the *Smart Cymru* operation. Collaboration is a key mechanism for driving high quality research and innovation; the *Smart Expertise* operation will ensure that Wales has a strategic mechanism for driving this behaviour. All three operations are working in concert to provide an integrated innovation offer and will be evaluated together.

Centres for Excellence include the *Cardiff University Brain Research and Imaging Centre (CUBRIC) II*, approved during 2015. This physical infrastructure is being complemented by the strategic placement of researcher capacity through the *Ser*

Cymru 2 operation also approved in 2015 which is closely integrated with a related scheme supported via Co-Fund under Horizon 2020.

Two potential 'gaps' had emerged in the Research & Innovation portfolio: in commercialisation of life science and health research and the commercialisation of ICT and digital economy research. It is felt that recent investments by the Welsh Government in a digital economy hub in this region may reduce the need for structural fund investment in that theme.

Priority 2 – SME Competitiveness

Four operations had been approved under the Priority axis. The 'Business Wales' family of operations which are *Entrepreneurship Support*, *SME Support* and *Social Business Wales*, along with *Broadband exploitation*. These are centred around the promotion of entrepreneurship and business start-up; and help to SMEs with growth potential, including social enterprises, to address barriers to that growth.

Reflecting the emphasis in the 2014-20 Programmes on repayable finance particularly via Financial Instruments, the *Wales Business Fund* was being developed during 2015 on a similar scale to the JEREMIE funds delivered in the 2007-13 Programmes. Debt, mezzanine and equity products will be made available through the new Fund to meet gaps identified in a specific 'ex-ante assessment'.

These operations will deliver the majority of this Priority. Potential gaps that cannot be met by a traditional financial instrument, but which may not fully justify the use of grant approaches are being considered as potential niche repayable assistance operations: for example a Social Enterprise finance scheme which would align with repayable finance and the Business Wales operations, and was in development during 2015.

There is no clear evidence at this time of further gaps in the Priority; however this will be monitored through continued regional and sectoral stakeholder engagement.

Priority 3 – Renewable Energy and Energy Efficiency

No operations had been approved under the Priority axis.

The small-scale community energy element of this Priority was being developed during 2015, with a small scale renewable energy scheme led by the Welsh Government and Third Sector in the 'pipeline'. There were also discussions with Welsh Government around energy efficiency of the existing housing stock in areas of fuel poverty and an operation in this area was being developed during 2015.

Priority 4 – Connectivity

No operations had been approved under the Priority axis to date; however good progress was made during 2015 in the development of operations. This is not unexpected given the nature of infrastructure investment. With limited funds

available, supporting operations that can bring about long-term transformational change will be the priority.

At an early stage of development are proposals to develop intermodal and sustainable transport facilities that improve access to employment and education. These include rail network improvements linked to the Metro transformational scheme.

In the area of ICT infrastructure, the *Next Generation Broadband* proposals for 'Ultrafast' (100Mbps) and 'Superfast' (30Mbps) infrastructure were also in development during 2015.

Priority 5 – Technical Assistance

One operation had been approved under the Priority axis. The Third Sector European Team (3-SET) operations will deliver a national, consistent service to provide the third sector with information and advice, training and events, networking opportunities and representation on the Programme, drawing links between other EU funding streams such as Erasmus+ and Horizon 2020.

Further operations were in development, including Regional Engagement Team bids from all four regions in Wales and Welsh Government EST Department operations which contain their aid scheme and Intermediary Body revenue costs during 2015.