



Llywodraeth Cymru
Welsh Government

East Wales

European Regional Development Fund Programme 2014-2020

2017 Annual Implementation Report - Summary



UNDEB EWROPEAIDD
EUROPEAN UNION



Llywodraeth Cymru
Welsh Government

**Cronfa Datblygu
Rhanbarthol Ewrop
European Regional
Development Fund**

1. Introduction

This is a summary of the third Annual Implementation Report for the East Wales European Regional Development Fund (ERDF) Programme, covering the reporting year of 2017.

Overview

Wales benefits from around €2.4bn of EU Funds through the four Structural Funds programmes 2014-2020. This includes around €407m through the East Wales 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.

The Managing Authority for the Programme is the Welsh European Funding Office (WEFO), within the Welsh Government.

About the Programme

The East Wales ERDF Programme is focused on investments which can help to create sustainable jobs and economic growth, concentrating resources in areas where the greatest impact can be made. In delivering its objectives, the programme considers and incorporates social and environmental opportunities, fully reflecting the Welsh Government's commitment to sustainable development.



Programme priority areas:

Priority 1: Research and Innovation

- Increase research funding (private and competitive) attracted to Wales' research institutions.
- Increase commercialisation of RD&I by Welsh businesses within the programme area.

Priority 2: SME Competitiveness

- Address market failures in the provision of loan and equity finance to small and medium sized enterprises (SMEs), including risk capital.
- Increase number and survival of SMEs, particularly high growth SMEs (including Social Enterprises).
- Increase employment growth in SMEs with growth potential by addressing barriers at key stages of growth.
- Increase the take-up and exploitation of Superfast and Ultrafast Broadband by SMEs in Wales.

Priority 3: Renewable Energy and Energy Efficiency

- Increase the number of commercially viable small scale renewable energy schemes.
- Improve energy efficiency in those households facing the highest levels of fuel poverty.

Priority 4: Connectivity and Urban Development

- Improving access to key urban and employment centres by public transport.
- Completion of Superfast ICT broadband networks.

Priority 5: Technical Assistance

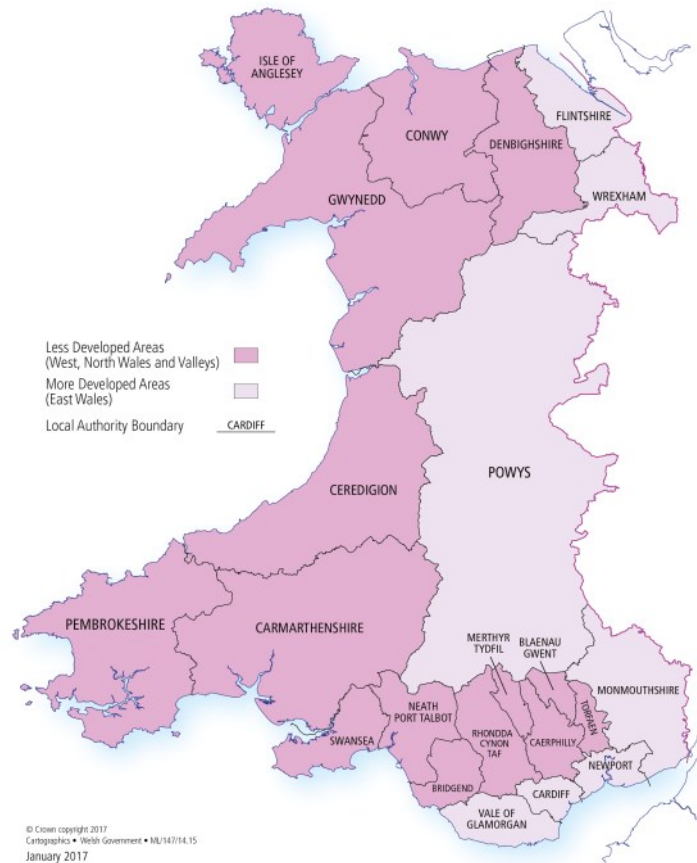
- Ensure the efficient and effective management of the Programme.
- Provide high quality advice to key partners involved in the design and delivery of projects.
- Enhance the integration and complementarity of investments with other European and Structural Investment funds and wider European Commission-led and Sector based programmes.

Budget available under each of the Programme's Priorities:

Priority	EU Budget	Total Budget ¹
Priority 1: Research and Innovation	€89m	€178m
Priority 2: SME Competitiveness	€40m	€80m
Priority 3: Renewable Energy and Energy Efficiency	€22m	€45m
Priority 4: Connectivity and Urban Development	€48m	€96m
Priority 5: Technical Assistance	€4m	€8m
Total available under the Programme	€203m	€407m

¹ The amount from the EU Budget combined with match funding

European Structural Fund Programme Regions in Wales for 2014-2020



2. Programme Progress

Overview

By the end of 2017, the Welsh Government had invested €132m of EU funds to 65 projects, driving a total investment of €287m in East Wales.

Good progress was made across a number of the Programme indicators during 2017, including:

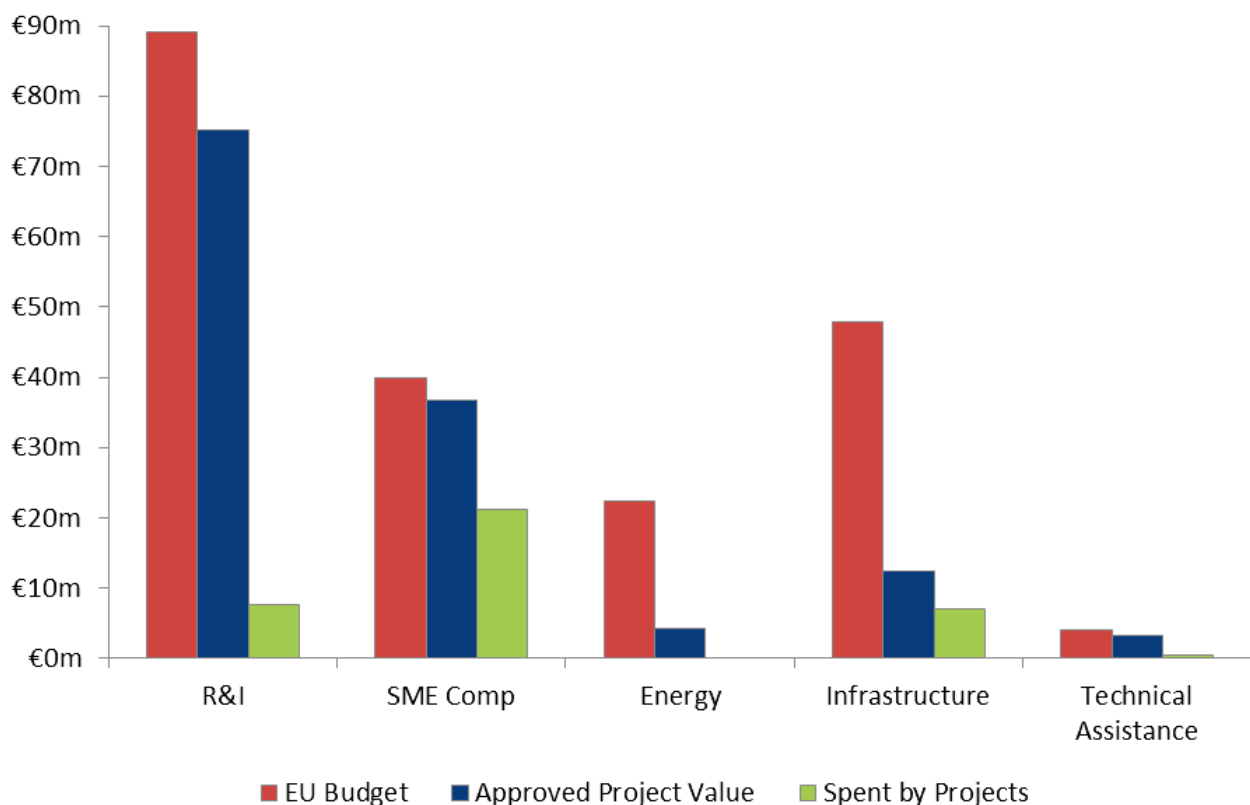
- Over 1,100 businesses supported and over 900 jobs created;
- £29m of research income generated through EU projects;
- The Wales Business Fund, delivered by the Development Bank of Wales, had invested £77m in Welsh SMEs;
- 35,400 additional premises given broadband access of at least 30 Mbps and over 39,000 additional people given ultrafast broadband coverage of over 100Mbps.

Progress against a number of other Programme indicators, for example in public transport, will be reported later in the programming period due to the nature of the activity funded through this Programme.

Financial Progress

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

Chart 1: EU Funds: Budget, Approved and Spent



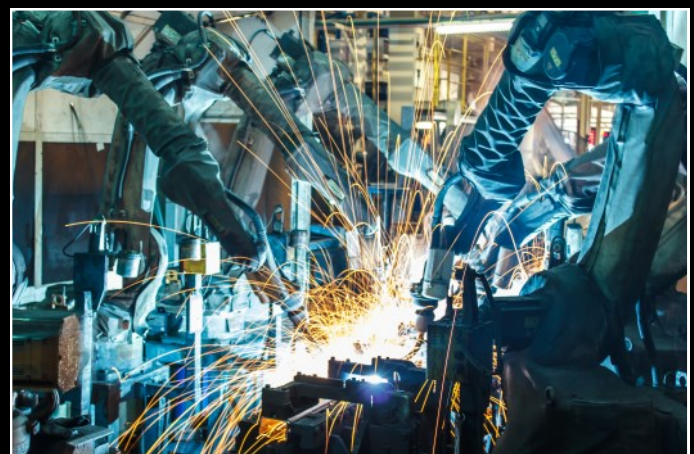
3. Progress by Priority

Priority 1: Research and Innovation

Investing in innovation and research is helping to drive forward Wales' global competitiveness and productivity. EU funds are supporting the development of world class research capacity in Wales, building on existing strengths to attract further private and competitive research funding. EU funds are also supporting businesses to develop, test and launch new and improved commercial products, processes and services, including those relating to low carbon.

By the end of the year, 84% (€75m) of the EU funds available within this Priority had been invested in nine projects. This included the first project approval through WEFO's funding call in 2016 for innovative proposals which can successfully translate research and innovation into new and improved commercial products, processes and services.

WEFO will be making funding decisions on the remaining proposals submitted through this call in 2018. As demand for Research and Innovation funding continues to be high, another call, focussed on 'accelerating world-class collaboration in research and innovation', was launched in December 2017 and has attracted significant interest.



Case Study: CUBRIC - Cardiff University's Brain Research Imaging Centre

The £44m centre in Cardiff backed by £4.6m of EU funds is set to become one of Europe's top facilities for brain imaging.

This investment brings together world-leading expertise in brain mapping with the very latest in brain imaging and brain stimulation.

The centre is playing a pivotal role in the global endeavour to better understand the causes of neurological and psychiatric conditions such as dementia, schizophrenia and multiple sclerosis, seeking long term solutions that inform brain function and prevention of diseases. It also supports the creation of highly skilled research jobs in Wales.

The building has won and been shortlisted for many UK and national awards including:

- Constructing Excellence in Wales 2017 Awards: Chairman's Special Award Winner
- National Eisteddfod Gold Medal for Architecture 2017: Shortlist
- Life Science Research Building Award: Winner
- RICS Wales Project of the Year: Winner
- Buildings that Inspire category, 2017 Guardian University Awards: Runner Up

In May 2017 CUBRIC celebrated its first clinical trial involvement for the treatment of Huntington's Disease. The trial is working with patients with very early symptoms of the disease, and CUBRIC is one of several MRI sites across the UK and Europe which are involved.

CUBRIC's MRI machine has produced the world's most detailed scan of the brain's internal wiring by revealing the fibres which carry the brain's thought processes. Doctors hope it will help increase understanding of a range of neurological disorders and could be used instead of invasive biopsies.



Priority 2: SME Competitiveness



Supporting the creation and growth of business is helping to build a strong and competitive Welsh economy. EU funds are providing finance and support to help start up ventures, supporting small and medium-sized companies (including social enterprises) to expand and access new markets, and addressing market failures in the provision of repayable finance to those businesses. EU funds are also helping businesses to realise the competitive advantage offered by the availability of superfast broadband across Wales.

By the end of the year, the Welsh Government had invested 92% (€37m) of the EU funds available within this Priority to seven projects.

Investments within this Priority form an integrated suite of initiatives led by the Welsh Government, Wales Co-Operative Centre, the Development Bank of Wales and the Wales Council for Voluntary Action, known as the 'Business Wales Family'.

The Wales Business Fund, led by the Development Bank of Wales, is performing well and in early 2018 an assessment will identify whether there is further demand and scope to extend the provision of this fund.



Case Study: Wales Business Fund



The Wales Business Fund, managed by the Development Bank of Wales, is supporting small and medium sized enterprises (SMEs) to accelerate their expansion plans by providing loans and equity investments from £50,000 up to £2 million.

Jöttnar, the technical outdoor clothing company headquartered in Cardiff, received a seven-figure investment from the Wales Business Fund, which is supported by EU funds, and from London-based investment fund Venrex.

Jöttnar moved into its fifth year of trading with the launch of its new 23-piece winter collection, having only started trading with just six items. They took a couple of years to set up their business, but for both founders the best way to achieve real professional and personal satisfaction was to build a business around the things that they were passionate about.

One of the founders said: "This investment is going to support our expansion over the next few years as we grow our product range and promote the Jöttnar brand. We've been really happy with the support offered by the investor syndicate and their ability to offer a flexible funding solution for us."

The Development Bank of Wales is delighted that the Wales Business Fund could support the business to create a high quality product and a brand that is gaining a reputation for superiority in the technical clothing market.





Priority 3: Renewable Energy and Energy Efficiency

EU funds invested through the Increasing renewable energy and energy efficiency priority are helping to reduce the impact of carbon emissions on the environment and help tackle fuel poverty. They are helping to address barriers to the development of small scale renewable energy schemes and improve energy efficiency in existing Welsh housing stock for the most fuel poor.

By the end of 2017, one-fifth of the EU funds available had been invested in the Welsh Government's Arbed 3 project to improve energy efficiency in housing. A call for small scale renewable energy schemes took place in the summer, supported by workshops to raise awareness of EU funds for this type of activity.

In response to evaluation findings for previous Arbed schemes and a renewed increased focus on fuel poverty, together with significant challenges in taking forward small scale community renewable energy schemes, there is potential to move some of the Priority's funds to support other areas of the programme.

Case Study: ARBED

The Arbed scheme, part of the Welsh Government's [Warm Homes programme](#), provides funding to support home energy efficiency improvements in low income households across Wales' deprived communities.

The Arbed scheme is worth some £104m, and includes £33m of EU funds, of which £3.6m is for East Wales.

Arbed works with social housing providers and other partners, including local authorities, to make deprived communities of Wales more energy efficient. This is achieved by retro-fitting homes with measures including solid wall insulation, solar panels and heat pumps.

The improvements made will help ensure long-term solutions are being put in place to future proof Welsh homes.

Priority 4: Connectivity and Urban Development



Developing transport solutions and improving digital connectivity are helping to build thriving businesses and communities, and boost employment across Wales. EU funds are improving public transport in urban areas, and helping to complete superfast digital networks in Wales.

By the end of 2017, EU funds of €12m (26% of the Priority's allocation) had been invested in the Superfast and Ultrafast broadband projects and the first of the South Wales Metro projects (Llandaf and Radyr Station Improvements) being led by the Welsh Government.

Further South Wales Metro proposals are underway and will be considered for approval of EU funds during 2018.

WEFO also is considering a further Superfast and Ultrafast broadband proposal to achieve 100% coverage in East Wales.

**SUPERFAST
CYFLYMU
CYMRU**

Case Study: Radyr and Llandaf station improvements



Forming part of the South Wales Metro programme, a transformational initiative to help people access work and other services, improvements have been made at two commuter stations in Cardiff.

EU funds of £1.5m have been invested to improve passenger experiences at Radyr and Llandaf stations by creating new paved areas, modern and comfortable waiting shelters, new ticket offices and toilet facilities, a 187 space park and ride facility, and better lighting and CCTV.

Improvements have also been made so facilities are more accessible, including the provision of better and safer parking for cars and cycles.

The improvements will complement other South Wales Metro developments, reducing car use and traffic congestion on routes into the centre of Cardiff and helping to improve air quality.



Priority 5: Technical Assistance

Technical Assistance is an essential resource, utilised by WEFO and other partners, for supporting the effective delivery of the Programme.

By the end of 2017, EU funds worth €3m (81% of the Priority's allocation) had been invested in six projects. This includes revenue support for WEFO to effectively deliver the programme, the three 'Regional Engagement Teams' based in North Wales, Mid Wales and South East Wales, and Intermediary Body revenue support for the WCVA and Welsh Government department ESNR. Further investment to existing projects is being considered.



More information on the East Wales ERDF Programme can be found on the Welsh Government website [here](#).



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