



Llywodraeth Cymru
Welsh Government

West Wales and the Valleys

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 West Wales and the Valleys European Regional Development Fund (ERDF) Programme, covering the reporting year of 2017.

Overview

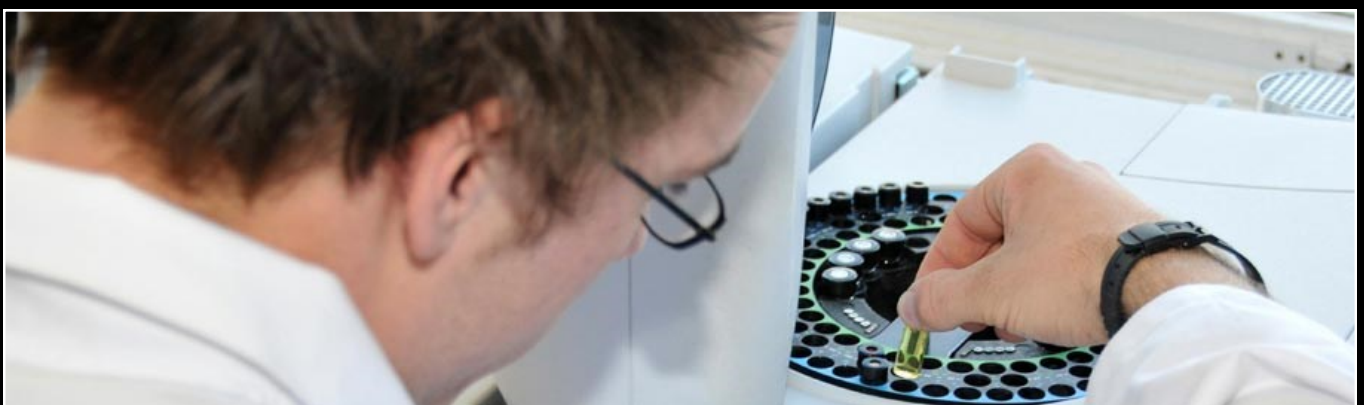
Wales benefits from around €2.4bn of EU Funds through the four Structural Funds programmes 2014-2020. This includes around €1.2bn through the West Wales and the Valleys European Regional Development Fund (ERDF) Programme to help deliver economic growth by promoting high levels of sustainable employment, developing a skilled and responsive Welsh workforce now and for the future.

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

About the Programme

The West Wales and the Valleys ERDF Programme is focused on investments which can help 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

- Increasing the number of commercially viable small scale renewable energy schemes.
- Contribute to development of marine energy sector.
- Improve energy efficiency in those households facing the highest levels of fuel poverty.

Priority 4: Connectivity and Urban Development

- Improve connectivity by addressing specific congestion bottlenecks affecting the A40 and A55.
- Improving access to key urban and employment centres by public transport.
- Completion of Superfast ICT broadband networks.
- Increase local employment through carefully targeted urban infrastructure investments.

Priority 5: Technical Assistance

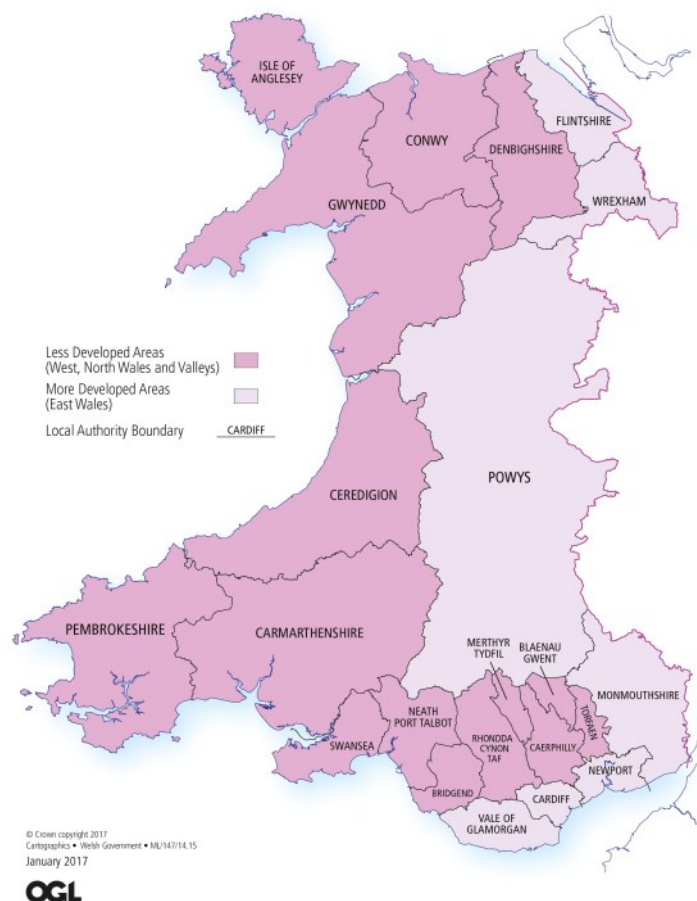
- Ensure the efficient and effective management of the Programme.
- Provide high quality advice to key partners involved in the design and delivery of projects.
- Enhance the integration and complementarity of investments with other European Structural and Investment funds and wider European Commission-led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

Budget available under each of the Programme's Priorities:

Priority	EU Budget	Total Budget ¹
Priority 1: Research and Innovation	€302m	€455m
Priority 2: SME Competitiveness	€208m	€333m
Priority 3: Renewable Energy and Energy Efficiency	€171m	€246m
Priority 4: Connectivity and Urban Development	€501m	€763m
Priority 5: Technical Assistance	€24m	€32m
Total available under the Programme	€1,206m	€1,829m

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 €786m of EU funds to 65 projects, driving a total investment of €1,466m in West Wales and the Valleys.

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

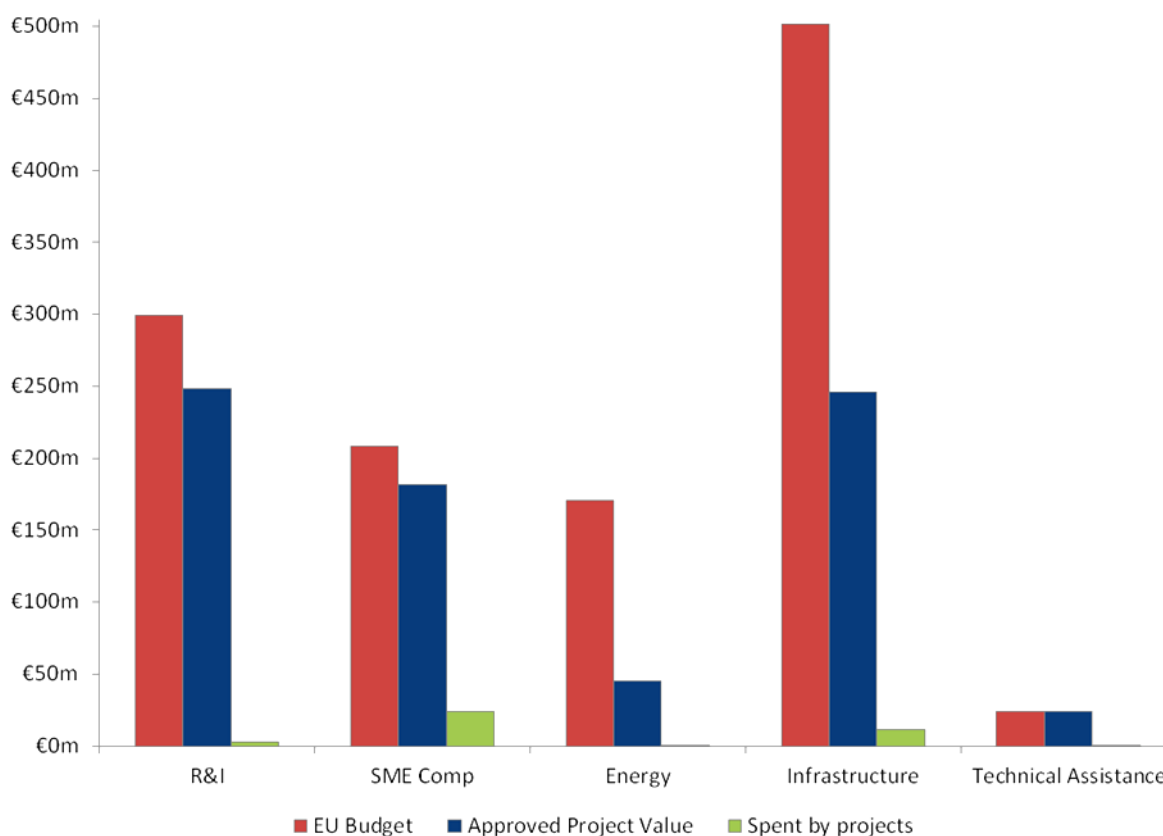
- Over 2,300 businesses supported and over 2,500 jobs created.
- £18m of research income generated through EU projects.
- The Wales Business Fund, delivered by the Development Bank of Wales, had invested £33m in Welsh SMEs.
- 42,300 additional premises given broadband access of at least 30 Mbps and over 68,700 additional people given ultrafast broadband coverage of over 100Mbps.

Progress against a number of other Programme indicators, for example land developed or premises created or refurbished, 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, 81% (€246m) of the EU funds available within this Priority had been invested in 20 projects. This included the first project approval, 'SMARTAQUA', submitted 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: SMART CYMRU

The Welsh Government's SMART Cymru scheme provides financial support to Welsh businesses to help them develop, implement and commercialise new products, processes and services. Backed by £27m of EU funds, the scheme supports R&D ventures including in the areas of industrial research, technical and commercial feasibility, experimental development, exploitation and open innovation.

Specialist manufacturer Markes International, based in Llantrisant, benefited from SMART Cymru to help develop the company's new HiSorb™ product range for high-capacity sorptive extraction of organic chemicals from liquids and solids.

HiSorb Product Manager, said: "There are many applications of HiSorb, but a key focus for us at the moment is the profiling of beverages, foods, and fragranced products.

"To this end, we've already conducted a number of challenging real-world applications including analysis of flavour compounds in coffee, whisky and milk."

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 82% (€171m) 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. The two schemes delivered by the Wales Co-Operative Centre and Wales Council for Voluntary Action are also looking to widen their activities and scope to extend the provision of this fund.



Case Study: Cover to Cover (Business Wales)

EU-funded services through the Welsh Government's Business Wales scheme is supporting sustainable business start ups and development initiatives leading to increased job creation and business growth. One of many successful business start-ups supported by Business Wales is Cover to Cover in Mumbles, Swansea.

The entrepreneur approached Business Wales for help with taking over an established bookshop in Mumbles.

After attending a start-up workshop to gain an understanding of the main aspects of setting up and running a business, the owner was further supported by a Business Wales adviser who provided general business advice, including book-keeping, business, marketing and financial planning. Business Wales also assisted the owner with sourcing finance for the venture, helping to secure a £14,000 start-up loan.

As a result of the support provided by Business Wales, the owner was able to successfully reopen the shop in August 2017, and Cover to Cover has since taken on two members of staff. The shop has expanded into selling gifts and greeting cards, and organises events, including readings, signings and literary festivals. It is the only independent bookshop in the Swansea area.

The owner commented: "I've had wonderful support from the team, which has proved invaluable. From initial planning and general advice, to cash projections, and of course loan advice, I literally would have struggled without it."



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 tackle fuel poverty. They are helping to address barriers to the development of small scale energy schemes, improve energy efficiency in housing for the most fuel poor, and grow a strong and sustainable marine energy sector in Wales.

By the end of 2017, 33% (€57m) of the EU funds available within this Priority had been invested in eight projects. Marine energy continues to be a very innovative and challenging area of the programme, and WEFO is working closely with marine energy developers to help maximise the opportunities of Wales' tidal and wave resources; this has led to a pipeline of project proposals being considered for EU funds.

Good progress also continued in 2017 with the approval of energy support site preparation schemes, including the feasibility study for the Pembrokeshire Demonstration Zone. A call for small scale renewable energy schemes took place in the summer, supported by workshops to raise awareness of the availability of EU funds for this type of activity.



Case Study: Minesto - Deep Green

Backed by £10m of EU funds, ground-breaking tidal energy technology, Deep Green, is set to be installed off the coast of Anglesey, helping to establish the region as a global centre of excellence for marine energy and create new job opportunities.

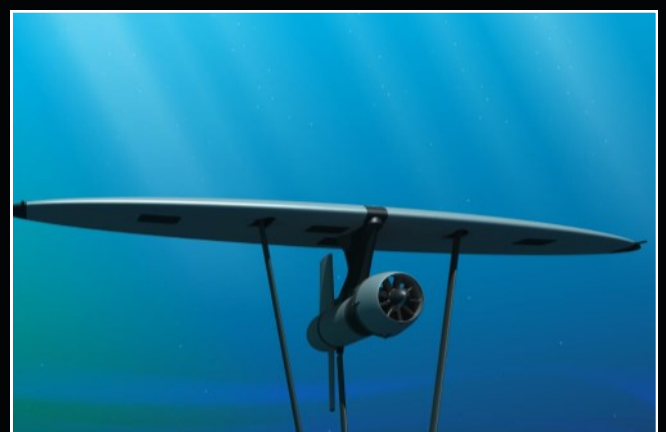
The unique technology has been developed by Swedish company, Minesto, which set up its headquarters in Wales due to its excellent tidal resources and growing marine energy sector. Weighing seven tonnes and positioned at least 15 metres below the water surface, the underwater 'kite' technology will operate in waters where no other known technology can perform as cost effectively due to its unique ability to run in low velocity areas.

Minesto has already received a marine license from Natural Resources Wales to install Deep Green at Holyhead Deep, with plans to expand future capacity, subject to licencing. Recently, a bespoke concrete base has been constructed and will be submerged to support the installation of the Deep Green device.

The company has also created 13 jobs so far with plans to develop an assembly plant in Anglesey to produce more devices for export around the world, paving the way for the creation of more jobs and prosperity in North Wales.

Overall, the programme has an allocation of around £85 million EU funds to drive the development of the marine energy sector in Wales, which includes support for tidal and wave energy technologies to be tested along the West and North Wales' coastline.

Investments already include £0.26m EU funds for a feasibility study at Pembrokeshire's wave energy demonstration zone led by WaveHub. The study is a vital first step towards realising the opportunity that the Crown Estate has offered to West Wales by agreeing to lease this site for the deployment of wave energy technology, helping to fulfil Wales' ambition to become a world leader in marine energy.



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 addressing specific transport bottlenecks, improving public transport in urban areas, and helping to complete superfast digital networks in Wales. Further infrastructure investment in West Wales and the Valleys are being targeted where they can deliver the greatest impact on local jobs and support wider regional economic opportunities to help boost private investment.

By the end of 2017, EU funds of €290m (58% of the Priority's allocation) had been invested in 23 projects. This includes approval in 2017 of funds to support A40 improvements and several Local Authority regionally prioritised sites and premises. Work continued on the development of the South Wales Metro proposals. Delivery of the Superfast and Ultrafast broadband projects continues at pace and WEFO is considering proposals to achieve 100% coverage across Wales.

The umbrella project, Tourism Attractor Destination, is making good progress; by the end of 2017, WEFO had approved eight of the proposed 13 projects, including The Rock UK Climbing Centre in Merthyr Tydfil and the Colwyn Bay Waterfront.



Case Study: Port Talbot Transport Hub



Supported by Welsh Government (£2.7m) and EU funds (£2.5m), the new hub, based in the centre of Port Talbot centralises main transport links to improve connectivity and boost economic growth for the local community.

The hub became operational during 2017, followed by an official opening in March 2018.

Positioned next to the newly redeveloped Port Talbot Parkway Station, it enables people to travel more easily and conveniently across the region for both employment and leisure purposes, and has been welcomed by local residents and businesses alike.

The benefits to passengers include six bus bays, interactive timetable displays, combined bus shelter to complement the station design, upgraded lighting, café areas and safe crossing points.

The hub is a key route for older and disabled people and local groups were consulted to influence its design which is inclusive throughout. Footpaths and circulation spaces have been designed to an appropriate width, gradient and with material to ensure easy access. Pedestrian crossing points over highways have drop kerbs, meaning no step change in levels is experienced.

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 €23m (95% of the Priority's allocation) had been invested in seven projects. This includes revenue support for WEFO to deliver the programme effectively, the four 'Regional Engagement Teams' based in North Wales, Mid Wales, Swansea Bay and South East Wales, and Intermediary Body revenue support for the Wales Council for Voluntary Action and Welsh Government. Further investment to existing projects may be made in 2018.



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



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