

CYNGOR SIR POWYS COUNTY COUNCIL

County Council

7th March 2017

REPORT AUTHOR: County Councillor Wynne Jones, Portfolio Holder for Finance

SUBJECT: Question from County Councillor William Powell

Will the Cabinet Member please update Council on the profile of spend of EU/RDP monies in the County, now that they are time limited and finite? Also, what strategies are in place to secure replacement funds wherever possible - and to assess the emerging effect of 'Brexit' on the vibrancy of the wider Powys economy?

Answer from the Portfolio Holder for Finance

Point 1 - Will the Cabinet Member please update Council on the profile of spend of EU/RDP monies in the County, now that they are time limited and finite?

Regeneration Service Projects – current position:

Fund	Project Title	Total Value	Length of Project	Comments
European Social Fund (ESF)	Cynnydd (Youth Service project: 11-16 year olds)	£1.9 million (£950K EU)	3 years	Approval by WEFO anticipated soon
European Social Fund (ESF)	Workways+ Powys (support to individuals 54 years + back into employment)	£695,823 (£348K EU)	3 years (2017 – 2020)	Newly approved project
European Agricultural Fund for Rural Development (EAFRD)	LEADER 2014 - 2020: Powys Implementation**	£3,430,470	7 years (2015-2021)	Programme officially opened for funding applications

				1/2/16
<p>** The LEADER approach is associated with local empowerment through local strategy development and resource allocation. The main tool for the application of this approach to area development and involving local representatives in decision-making is the LEADER Local Action Group (LAG).</p> <p>LEADER is a form of Community-Led Local Development (CLLD). Through a process of stakeholder engagement, building the capacity of target groups and co-operation, the problems faced and opportunities available to an area are recognised and potential solutions are piloted.</p> <p>Innovative activities under LEADER must be consistent with at least one of the five LEADER themes for Wales:</p> <ul style="list-style-type: none"> • adding value to local identity and natural cultural resources • facilitating pre-commercial development, business partnerships and short supply chains • exploring new ways of providing non-statutory local services • renewable energy at community level • exploitation of digital technology <p>Please see our website for more information: www.arwain.wales</p>				
European Agricultural Fund for Rural Development (EAFRD)	LEADER 2014-2020: Powys Co-operation***	£400,000	7 years (2015-2021)	Programme officially opened for funding applications 1/2/16
<p>*** LEADER is a community-led local development (CLLD) method which has been used for over 20 years to engage local actors in the design and delivery of strategies, decision-making and resource allocation for the development of their rural areas.</p> <p>Co-operation is one of the 7 key principles of the LEADER approach. EAFRD and the EMFF also have specific provisions for CLLD Co-operation.</p> <p>The support for Co-operation is a mandatory element of the LEADER measure in all Rural Development Programmes (RDPs).</p> <p>Co-operation of a Local Action Group (LAG) area with other geographical areas can be a key component of a LAG's Local Development Strategy or an additional asset to this strategy. Co-operation can evolve in stages from exchange of experience, to the transfer of promising practice to a common activity. Co-operation with other territories implementing LEADER or other forms of Community Led Local Development (CLLD) can also be a strategic tool which the</p>				

Local Action Group can use to reach the critical mass needed for some projects or to pool complementary resources and expertise.

In addition to inter-territorial co-operation (between LAGs within a Member State), transnational co-operation gives supplementary European added value to local development.

Co-operation is a way to widen local views and bring new knowledge to the area in order to improve local strategies. It can boost the innovative character of local development actions and contribute to increased competitiveness of the area through e.g. capacity building, bringing in new business partners and the diffusion of innovation, know-how and new skills.

Point 2 - What strategies are in place to secure replacement funds wherever possible - and to assess the emerging effect of 'Brexit' on the vibrancy of the wider Powys economy?

The Regeneration service is not aware of any specific strategies that address the issue of securing replacement funds in the future. Currently there is no dedicated resource/function within the Council to lead on Brexit related activity, to undertake the work to assess the impact of Brexit on the Powys economy, or to inform the Council's response/approach to Brexit. There is currently minimal capacity for existing staff to fulfil this function on top of existing service delivery commitments and future plans.

However, the Regeneration Service is working closely with the Mid Wales Regional Engagement Officer (Powys and Ceredigion) as we jointly endeavour to keep abreast of the fluid and fast changing emerging position on future regional policy, regarding local government's engagement in the Brexit process and post EU membership. There is a growing amount of information in circulation that we receive through wide and varied sources on a Wales, UK and EU level that we are striving to keep on top of and share.

Brexit is a much wider issue than just European funding and should be considered at a corporate level, thus embracing all service areas in a more well-rounded view by the Council. The amount of policy areas and legislation that Brexit affects is massive. For information attached is a House of Commons briefing paper (please see attached) that details the variety of policy areas that will need reviewing in light of Brexit.

Through the Growing Mid Wales (GMW) Partnership, we are engaging with the Welsh European Funding Office (WEFO) and Welsh Local Government Association (WLGA) on work currently being undertaken to inform the future of regional policy in Wales (*please see attached WLGA briefing paper*). This was discussed at the WLGA Coordinating Committee on the 24th February and we have been informed of a

consultation on future regional policy that is expected to be announced by the Welsh Government (WG) before Easter.

The GMW Partnership is also working with key partners including WG Economy and Wales Office, on trying to establish Wales' position in the context of the proposed UK Government Industrial Strategy and how it relates to the £23 billion productivity investment fund mentioned in the last Autumn Statement. There is a risk Wales will arrive 'late to the table' with the Industrial Strategy if there is a delay in WG and UK Government establishing how Wales fits into it.

In terms of the Powys economy we are at risk of the additional wider impacts of Brexit, the weakening pound and increased inflation. The Powys economy may be at greater risk due to the reliance on sectors such as agriculture and the public sector, which is likely to suffer in the future due to a reduced tax base. It is estimated that approximately £80million of CAP Pillar One funding is paid directly to farmers in Powys per year. As Powys has the highest proportion of SMEs of any local authority in Wales this sector may not be as resilient to the future economic challenges we are facing.

With regards to the amount of EU funding spent in Wales by pan-Wales European Structural & Investment Funded (ESIF) projects, such as Business Wales (European Regional Development Fund - ERDF) and the Apprenticeship Scheme (European Social Fund - ESF). It is extremely hard to disentangle the figures on a pan-Wales basis.

It is important to draw attention to the recent External Affairs and Additional Legislation Committee's report on the Implications for Wales of leaving the European Union, especially recommendations one and four (*please see attached, Implications for Wales of leaving the EU*). The WG has produced a lot of evidence on the potential impacts of Brexit across different sectors and it would be useful, as well as transparent, for the WG to share this evidence with Local Authorities to inform their work and plan for future scenarios accordingly.

Attachments:

House of Commons Brexit Briefing Paper

WLGA Brexit Update and Emerging Position on Future Regional Policy

Implications for Wales of leaving the EU