

## Enterprise and Business Committee

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Meeting Venue:

**Committee Room 3 – Senedd**

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Meeting date:

**20 March 2014**

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Meeting time:

**09.00**

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Cynulliad  
Cenedlaethol  
Cymru

National  
Assembly for  
Wales



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### Agenda

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**Pre-meeting in private (9.00–9.15)**

**FORMAL PUBLIC MEETING (09.15)**

- 1 Introductions, apologies and substitutions**
- 2 Inquiry into EU funding opportunities 2014–2020 (session 5) (09.15–10.00) (Pages 1 – 31)**

**Witnesses:**

**Ruth Sinclair-Jones**, Director, UK National Agency, Erasmus+, British Council

**Natasha Hale**, Head of Sectors, MEDIA Antennae UK

**Attached Documents:**

Private paper (Members' Brief for Items 2, 3, 6, 7 and 8).docx

EBC(4)–08–14 (p.1) – British Council ac Ecorys UK

### **3 Inquiry into EU funding opportunities 2014–2020 (session 6) (10.00–10.50)**

#### **Witnesses:**

**Elaina Gray**, Business Development Director, Creative Europe

**Gethin Scourfield**, Producer, Fiction Factory Films

**Ron Jones**, Executive Chairman, Tinopolis

### **BREAK (10.50–11.00)**

### **4 Enterprise Zones (11.00–11.45) (Pages 32 – 50)**

#### **Witnesses:**

**Edwina Hart AM**, Minister for Economy, Science and Transport, Welsh Government

**James Price**, Director General Economy, Science and Transport , Welsh Government

**Jeff Collins**, Project Manager– Director, Welsh Government

**Lord Nick Bourne**, Chair of the Collective Enterprise Zone Boards

#### **Attached Documents:**

Private paper (Members' Brief for Items 4 and 5)

EBC(4)–08–14 (p.2) – Enterprise Zones – evidence from the Minister

### **5 Cardiff Airport (11.45–12.30) (Pages 51 – 53)**

#### **Witnesses:**

**Edwina Hart AM**, Minister for Economy, Science and Transport, Welsh Government

**James Price**, Director General Economy, Science and Transport , Welsh Government

**Jeff Collins**, Project Manager–Director, Welsh Government

#### **Attached Documents:**

EBC(4)–08–14 (p.3) –Cardiff Airport – evidence from the Minister

### **BREAK (12.30–13.20)**

**6 Inquiry into EU funding opportunities 2014–2020 (session 7) (13.20–14.00)** (Pages 54 – 100)

**Witnesses:**

**Anne Howells**, European Development Officer, University of Aberystwyth  
**Dr Liz Mills**, Independent Policy Analyst  
**Dr. David Llewellyn**, Independent consultant

**Attached Documents:**

EBC(4)–08–14 (p.4) – Dr Liz Mills  
EBC(4)–08–14 (p.4) – Annex 1  
EBC(4)–08–14 (p.4) – Annex 2

**7 Inquiry into EU funding opportunities 2014–2020 (14.00–14.45)**  
(Pages 101 – 111)

**Witnesses:**

**Jane Hutt AM**, Minister for Finance  
**Jane McMillan**, Head of Programme Management (European Structural Fund)  
**Rob Halford**, Head of Planning & Strategy  
**Damien O'Brien**, Chief Executive, WEFO

**Attached Documents:**

EBC(4)–08–14 (p.5) – EU Funding Opportunities – evidence from the Minister

**8 EU Structural Funds update (14.45–15.30)** (Pages 112 – 118)

**Witnesses:**

**Jane Hutt AM**, Minister for Finance  
**Jane McMillan**, Head of Programme Management (European Structural Fund)  
**Rob Halford**, Head of Planning & Strategy  
**Damien O'Brien**, Chief Executive, WEFO

**Attached Documents:**

EBC(4)–08–14 (p.6) – EU Structural Funds update – evidence from the Minister

9 **Papers to note** (Pages 119 – 130)

Attached Documents:

Minutes of Previous Meeting

EBC(4)–08–14 (p.7) – Additional information from UKTI

EBC(4)–08–14 (p.8) – Additional information from UKTI (FDI Capability Development Support Programme)

EBC(4)–08–14 (p.9) – Additional information from UKTI (Data Points)

**De–brief in private (15.30–15.45)**

# Agenda Item 2

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[National Assembly for Wales](#)

[Enterprise and Business Committee](#)

[Inquiry into EU funding opportunities 2014-2020](#)

Evidence from British Council and Ecorys UK - EUO 13

### **EU funding opportunities in Wales 2014-2020**

This document is the British Council and Ecorys UK's contribution to the inquiry into the EU funding opportunities that will be available to organisations in Wales for the next seven years (2014-2020) with particular reference to the point on the EU Funding sources for Erasmus+, specifically the funding for mobility/innovative actions in the fields of education, training and youth.

#### **I. Erasmus+**

- i. The British Council, in partnership with Ecorys UK, was awarded the contract to manage the European Union's new education, training, youth and sport programme, Erasmus+, in the UK. This programme will run from 2014-2020 and replaces the Lifelong Learning Programme (LLP), the Youth in Action Programme and other higher education programmes which were previously part of the EU's portfolio of international programmes.
- ii. Erasmus+ started on 1 January 2014 and will provide approximately €14bn across the 34 participating countries over the next seven years for education and training opportunities abroad. The new programme will bring together a number of existing EU programmes including the Grundtvig, Leonardo, Transversal, Comenius, eTwinning, Erasmus and Youth in Action programmes, which were all previously managed by the British Council and Ecorys UK.
- iii. The Erasmus+ programme is designed to double the number of people in the EU benefitting from these opportunities abroad to an expected five million. Funded by the European Commission, Erasmus+ is worth an estimated £800 million (€940 million) to the UK.
- iv. The budget allocated is for the whole UK, with no sub-division by country or region. This means that funds are awarded in response to the demand from each country and region in the UK. In practice, in the previous programmes, the devolved administrations were all punching above their weight when comparing population size with funds allocated. We will analyse participation rates for Erasmus+ by UK country when we have the results of the first application round in 2014.
- v. Erasmus+ will focus on mobility, partnerships and policy reform. There will be increased opportunities for international study in Europe and beyond, and for training, teaching and volunteering across Europe. These improvements will benefit higher education and vocational students and staff, trainers and trainees, teachers, pupils and students, young people and youth workers. In the area of sports, the programme will particularly focus on cooperation and activities in grassroots sport.



Ten Welsh Higher Education Institutions have been awarded the new Erasmus Charter for Higher Education that allows them to offer the programme to the students and staff 2014-2020:

ABERYSTWYTH UNIVERSITY; BANGOR UNIVERSITY; CARDIFF UNIVERSITY; CARDIFF METROPOLITAN UNIVERSITY; UNIVERSITY OF WALES TRINITY SAINT DAVID; GRWP LLANDRILLO MENAI; GLYNDWR UNIVERSITY / PRIFYSGOL GLYNDWR; UNIVERSITY OF SOUTH WALES; SWANSEA UNIVERSITY; SWANSEA METROPOLITAN UNIVERSITY

## II. Lifelong Learning Programme and Youth in Action Programme Legacy

i. Since 2007, in total, the British Council and Ecorys distributed funds of over €568,000,000 through the Erasmus, Comenius, Leonardo, Grundtvig, Transversal and Youth in Action programmes. The British Council supported over 90,000 UK students through the Erasmus programme. Over 6,000 school partnerships were formed under Comenius and eTwinning, enhancing teaching and learning and developing skills for over 100,000 teachers and around two million pupils in the UK. Over 40,000 participants, the majority young people, took part in vocational placements to enhance employability and gain work experience through the Leonardo programme. In the non-formal sector, Youth in Action enabled 50,000 young people to take part in community-level projects with their counterparts in other countries, while 5,000 youth workers made use of opportunities for professional development.

### ii. **Comenius**

Interest from schools in similar opportunities under the predecessor Lifelong Learning Programme, Comenius, reached record levels by 2013, with Welsh schools and Local Authorities receiving around 7% of the Comenius budget for mobilities. This was an impressive figure when compared with the Welsh UK population share of 4.8%. In-service training funding for Welsh teachers was augmented by funding from the Welsh government (PTP) which provided supply cover costs to participating schools. This increased impact and participation rates in Wales.

### iii. **Erasmus**

#### *Student Mobility*

In the academic year 2012-2013, 14,600 Erasmus students participated, representing the largest number of UK outgoing student mobilities in the programme's 26 year history, and an increase of 6.9% on the figure for 2011/12. It consisted of an increase of 6.3% in study mobility and 8.1% in work-placement mobility. This is a highly positive position from which to look forward to Erasmus+.

The overall increase in mobility was apparent across all UK countries. Wales saw a small decline in study mobility (although the absolute numbers were small), but significant proportional growth in work-placement. Five per cent of Erasmus students came from Welsh Institutions, equating to their overall UK proportion of five per cent. However this represented an increase in actual numbers from 688 to 709 from the previous year. The University of Nottingham had the largest number of Erasmus students from England (522); the University of Edinburgh was the highest in Scotland (356); Cardiff University was the highest from Wales (291). Over €11,000,000 was disbursed in Erasmus grant funds to Welsh Universities from 2006/7 to 2012/13.



### *Staff Mobility*

There was a small drop (1.5%) in staff mobility (the first in this generation of the programme) attributable to a fall of 3.2% in teaching mobility. Training mobility saw a gain of 4.4%. The changes (in both absolute and relative terms) were small, Wales was the only country that saw an increase in teaching mobility, but a drop in numbers undertaking staff training.

#### **iv. Youth in Action**

Youth in Action continued to bring opportunities to more young people in Wales to work together and make a difference on the issues that matter most to them. Applications in 2013 were up 54% on the previous year and a total of 36 new projects were approved. EC grant support awarded to these projects was €988,390 (up from €698,443 in 2012). This is equivalent to 8% of the UK total – and is significantly above the level expected, given the share of the UK population resident in Wales.

In order to boost levels of demand and recognition for the benefits of non-formal learning with a European and international dimension, the British Council worked in partnership with Connect Cymru. Connect Cymru has played an active part in preparations for the EU's successor programme - by highlighting links to current policy priorities in the youth and community sector in Wales, including the new National Youth Work Strategy.

#### **v. Leonardo**

The Leonardo programme continued to offer organisations the chance to provide work placements abroad and to work in partnership with a wide variety of organisations to improve VET provision. In 2013 Welsh organisations received 6% of the available Leonardo funding, equivalent to just under 1.8 million euros for 23 different projects. This included funding for 60 apprentices to undertake work placements as part of their training, providing them with vital employability skills. Participation in the Leonardo programme has grown in Wales since the LLP started in 2007 and both application and success rates have been above the expected rate when compared with the country's share of the UK's population.

#### **vi. Grundtvig**

Grundtvig supports adult education, offering professional development opportunities for staff and teachers, and the chance for organisations to work with partners to improve their provision for learners. Wales has a strong record of participation in the Grundtvig programme with a 50% increase in applications over the programme period.

#### **vii. Transversal**

The Transversal Study Visits programme offered professional development for senior education professionals and experts through a programme of individual grants. Participation from Wales was above expected levels until 2011 and then in line with the country's population share in 2012 and 2013. Participants were drawn from schools, universities, cultural organisations and the Welsh Government, enabling participants to share best practice in Wales and learn from other countries approaches to education and training.



- viii. Since 2007 organisations in Wales have been awarded over 9 million euro of funding through the Leonardo, Grundtvig and Transversal programmes. The programmes have been supported by the Welsh Government through Ecorys' Welsh Advisory Group which has met twice a year since the start of the LLP. The Advisory Group brings together the National Agency, the Welsh Government, key stakeholders in VET and adult education, and project representatives. The Advisory Group has reviewed approval and funding levels in Wales, promoted the LLP and advised the National Agency on tailored approaches to promoting the programmes in Wales. The Advisory Group will continue under Erasmus+ as a whole programme group, and both British Council and Ecorys are looking forward to continued engagement with the Welsh Government on this initiative.

# Agenda Item 4

This paper has been deemed not suitable for publication in line with the Commission's rules for conduct of business.

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# Enterprise and Business Committee – Enterprise Zones

## Written Evidence Paper from the Minister for Economy, Science and Transport

### Introduction

1. The purpose of this paper is to provide written evidence to inform and support the work of the Enterprise and Business Committee. It sets out a general overview of the Enterprise Zones, their incentives and performance measures. It concludes by summarising key delivery highlights in each Enterprise Zone to date.

### Enterprise Zones – background and context

2. In April 2012, the first five Enterprise Zone locations went live (Anglesey; Central Cardiff; Deeside; Ebbw Vale and St Athan – Cardiff Airport). These were joined by a further two Enterprise Zones in May 2012 (Haven Waterway and Snowdonia). Each Enterprise Zone is focussed upon one or more key business sectors as follows:-

| <b>Enterprise Zone</b>     | <b>Sectoral Focus</b>  |
|----------------------------|--|
| Anglesey                   | Energy and Environment   |
| Central Cardiff            | Financial & Professional Services                                  |
| Deeside                    | Advanced Manufacturing and Materials                               |
| Ebbw Vale                  | Advanced Manufacturing and Materials                               |
| Haven Waterway             | Energy & Environment   |
| Snowdonia                  | Energy & Environment, ICT and Advanced Materials and Manufacturing |
| St Athan – Cardiff Airport | Advanced Manufacturing and Materials, especially aerospace.        |

3. The sector focus of each Zone is designed to promote sector clusters and supply-chain development, promoting growth and employment in locations that already display or have the potential to develop clusters of employment and business units. This opportunity-based approach to Enterprise Zones, centred on specific locations, activities and key sectors fits with our broader sector approach to the economy. Each Enterprise Zone also encourages broader economic development to support business growth, new jobs and the safeguarding of existing employment more generally.

### Enterprise Zone Boards and approach

4. Each Enterprise Zone has a private sector-led advisory Board that provides advice on the vision, strategic direction and delivery priorities in each Enterprise Zone. Whilst their overall long-term objectives to support jobs and growth are broadly similar, each individual Enterprise Zone Board is adopting a different approach. For example, the approach for some Boards is improving infrastructure to encourage businesses to locate. For others, it can be securing a significant tenant as an anchor to attract others.
5. These differences in approach reflect the economic circumstances, opportunities and challenges at each location and is more responsive to local needs than a 'one-size-fits-all' approach. The strategic leadership and advice provided by the Boards ensures that each Enterprise Zone addresses the needs of the private-sector. Recognising the contribution of the Boards, I recently asked each Chair to look at the current membership to ensure they continue to be delivery focussed and take the opportunity to bring in fresh

knowledge to their business expertise, if required. I am also considering longer-term governance issues.

## **Incentives**

6. Enterprise Zones benefit from a competitive range of financial and non-financial incentives. These include superfast broadband, business rates support, enhanced capital allowances and skills support.
  - Superfast Broadband: Enterprise Zones are a priority under the Superfast Cymru programme. For each Zone roll-out is underway or will start in spring 2014.
  - Business Rates Support: Following two application rounds, the Scheme has assisted 66 businesses and committed almost £4.5 million in funding.
  - Enhanced Capital Allowances: Enhanced Capital Allowances (ECAs) have been secured at specific sites within over half of the eligible Enterprise Zones. Work is continuing to enhance the infrastructure of the sites that have been assigned ECAs, so that they are investment ready.
  - Simplified Planning: Last month we published a Local Development Order and Enterprise Zones Good Practice Guide. To accompany the guide we plan to hold two information sessions and that these will take place in the Enterprise Zones.
  - Skills: All Zones benefit from our pan-Wales skills offer and we are continuing to work closely with the Enterprise Zone Boards to ensure the offer for Enterprise Zones in line with local requirements.
7. In addition, other interventions in Enterprise Zones include transport infrastructure developments to improve connectivity within and to the Enterprise Zones and bespoke land and property solutions.

## **Performance Indicators**

8. At the end of last year we published the performance indicators against which we will monitor progress in key areas such as jobs, investment, land development, business support and enquiries. Overall targets for 2014/15 have also been published and these will help set the benchmark for delivery over the year. The indicators and targets were developed in close consultation with the Enterprise Zone Board Chairs who have considerable experience and are well placed to determine how we should track progress.
9. We will be reporting progress against the indicators in May, but it is also important that we get qualitative as well as quantitative information to assess performance. This is to enable a wider picture of how Enterprise Zones are developing. To this end, we are conducting a survey with businesses in Enterprise Zones to understand better their experience and requirements.

## **Delivery Highlights**

10. Each Enterprise Zone faces distinctive opportunities and challenges that reflect the economic, geographical and demographic circumstances at each location. Whilst progress is being made across all seven Enterprise Zones, we recognise that progress

cannot be uniform. Some of the Zones are more mature and more investment-ready than others, but in all of the Enterprise Zones, developments are taking place that are laying the foundations for longer-term sustainable growth and jobs.

### Anglesey Enterprise Zone

11. The Anglesey Enterprise Zone supports and complements the Energy Island Programme, set up to bring high-skilled jobs to the area and establish the island as a centre of excellence in low carbon energy generation. Foremost amongst the developments in the pipeline are those associated with the decommissioning of the existing nuclear power station and the proposed new nuclear station at Wylfa. These nuclear developments are not devolved, but are of central importance in presenting supply chain opportunities for local businesses and those locating to the Enterprise Zone.
12. Setting aside progress tied into the nuclear developments, the Zone is helping to accelerate investment to support economic regeneration, infrastructure and property activities. These include:-
  - Funding support to Stena which has helped to deliver the Holyhead Port Development Master plan. This has now reported and the next phase of options appraisal is underway.
  - The seeking of expressions of interest from developers to undertake development in the Zone. We are also taking forward our ongoing discussions with developers who have already expressed an interest.
  - Our £2.2million funding commitment to support plans led by Conygar Investment Company PLC to develop the first phase of a logistics and distribution hub at Parc Cybi Business Park.
  - Significant success in creating jobs in the Zone, including our work with Boparan Holdings which has resulted in the creation of over 310 jobs in addition to 330 jobs safeguarded.

### Central Cardiff Enterprise Zone

13. Developments in the Central Cardiff Enterprise Zone are helping to reinforce Cardiff's position as an attractive location for financial services investment. We are acting upon the Board's strategic priorities to ensure that there is suitable office accommodation to attract key tenants. This includes:-
  - Site EO4, Callaghan Square is currently out to tender for the selection of a preferred building contractor for the design and construction of the 90,000 sq. ft. Grade A office building.
  - Building 1 Capital Quarter, which comprises 80,000 sq. ft. of Grade A offices, is progressing towards anticipated completion at the end of this month. Business enquiries and potential pre-lettings of the building are also progressing.

- Building 2, Capital Quarter, which comprises a further 85,000 sq ft of Grade A offices has received planning consent. To be assisted by a Property Development Grant, the developer is currently considering a construction start date during 2014.

### Deeside Enterprise Zone

14. Deeside Enterprise Zone has a substantial existing business base which includes major employers like Airbus, Toyota and TATA Steel. Incentives within the Zone are supporting businesses to invest and expand. This includes major anchor companies and SMEs such as Westbridge Furniture, which has announced plans to expand their workforce and create more than 150 new jobs.
15. The positive business environment within the Zone has also been key to internationally mobile investments choosing Deeside ahead of other locations. For example, ConvaTec chose Deeside ahead of competition from other sites across the world as the place to expand their operations.
16. The development of the Northern Gateway site remains a key focus for the Enterprise Zone Board. There are in on-going discussions with the private-sector developers to take this forward. We are also actively taking forward planning and procurement stages of the flood defence works required to protect the Northern Gateway site.

### Ebbw Vale

17. Ebbw Vale Enterprise Zone is making steady progress. This includes work to develop site infrastructure, securing electricity power supply to development sites and improving access to the Zone.
18. A number of existing businesses have expanded, for example, over the last two years and with the support of our incentives, Cardinal Packaging has become a significant employer in the Zone. In addition to supporting the expansion of existing businesses, we have also seen some success in attracting new businesses to the Zone, with examples including DT Civils (Construction sector) and Kiwa (Life Sciences sector).
19. Transport infrastructure is particularly important to the Enterprise Zone and work on the £160 million section of the A465 dual carriage way is underway. We are also taking forward the £11 million extension of the railway line from Parkway to the Ebbw Vale Works site.

### Haven Waterway Enterprise Zone

20. The Haven Waterway Enterprise Zone is offering energy businesses and the supply chain, a variety of sites and access to universities with expertise in energy-related fields. The Waterston and Blackbridge sites are critical to the success of the Zone. Both sites are now on the market and over 30 enquiries have already been received.
21. An initial skills plan has also been undertaken to take forward the development of energy and maritime skills in the Zone, working with Pembrokeshire College. In addition, following advice received from the Board, an extension to the boundary of the Haven Waterway Enterprise Zone has been agreed to address some anomalies and better support some key businesses.

## Snowdonia Enterprise Zone

22. The Snowdonia Enterprise Zone has two key sites: the Trawsfynydd site with its energy infrastructure and Llanbedr Aviation Centre and Enterprise Park, which has the capacity to accommodate a range of uses. There is encouraging progress being made. In particular, the delivery of a strategic options assessment for the Trawsfynydd site and a masterplan for the Llanbedr site are already helping to set the foundations for longer-term investment.
23. There are currently around 700 people employed at the Trawsfynydd site. Its future is, of course, closely tied to nuclear decommissioning which is non-devolved. We are working with the Nuclear Decommissioning Authority (NDA) as they seek to appoint a new Parent Body Organisation (PBO) for the management and operation of the site, looking, where possible, to influence the decommissioning programme. At the Llanbedr site there has been significant business activity and two further companies have recently signed leases to move onto site in Spring 2014..

## St Athan – Cardiff Airport Enterprise Zone

24. The St Athan – Cardiff Airport Enterprise Zone is providing the environment and incentives that have been critical to attracting quality businesses like E Cube and Cardiff Aviation. There continues to be strong interest in the Zone and following on-going discussions with the Ministry of Defence, the development of a contract to facilitate opening of the airfield remains on course to obtain seven day operations by April. This development will add to the attractiveness of the Zone to investors.
25. Work has also started on a road straightening project, costing almost £3million, to improve access to the St Athan and Cardiff Airport Enterprise Zone, which will improve access to the site and open up more investment opportunities there.

## Conclusion

26. Progress is being made across all seven Enterprise Zones and this paper identifies some significant highlights in each Zone. Two years into delivery it is too early to make a definitive assessment of outcomes, as concluded by the Finance Committee's Report on Enterprise Zones published at the end of last year. Nevertheless we can be encouraged by the progress that is being made and the positive changes that are already taking place.

## WRITTEN EVIDENCE PAPER TO THE ENTERPRISE AND BUSINESS COMMITTEE – CARDIFF AIRPORT

### Introduction

1. The purpose of this paper is to set out written evidence for the Enterprise and Business Committee's inquiry into Cardiff Airport.
2. Cardiff Airport is a vital gateway to Wales for business, tourists and general travellers alike. It is vital for Wales's economic development that we have strong international connectivity to and from Wales as well as a welcoming open door for tourism.
3. In March 2013 we (the Welsh Government) purchased the airport to secure its future. Our decision to acquire the assets and operations of the airport at a price of approximately £52 million was within the range of values that were acceptable to us and supported by the value-for-money advice that we received.
4. Since 2013, figures from the Civil Aviation Authority show that passenger numbers at the airport have increased by over 5% and are continuing to increase.
5. The Welsh Government is committed to developing the airport as a major piece of economic infrastructure in Wales and developing high-quality services for passengers.
6. The airport is operated at arms length on a commercial basis by Cardiff International Airport Ltd (CIAL). CIAL are responsible for all of the airport activities, including operation, route development and improvement of facilities.
7. The CIAL Board, chaired by Lord Rowe-Beddoe and comprised of 5 non Executive Directors and 4 Executive Directors, has the appropriate skills and experience to support the development of Cardiff Airport.

### Welsh Government Plans and Priorities for the airport

8. Key priorities for the airport include:
  - operate to a high standard providing the best experience for passengers and airlines;
  - create an environment to encourage growth of airlines and commercial partners;
  - maximise the opportunity for the benefit of Wales, economy and business;
  - manage environmental impact of the airport operation;
  - achieve financial stability and operation of the airport;
  - improve connectivity to Wales; and
  - support the St Athan – Cardiff Enterprise Zone.
9. CIAL produced a business plan for 2013/14, which included plans for capital and technical improvements at the airport. All improvements are aimed at providing the airport users with a better experience, for example, passengers now have access to free wi-fi and trolleys within the airport.
10. Work on delivering other improvements is progressing well and will be completed ahead of the busy holiday season and major events, such as the

## **WRITTEN EVIDENCE PAPER TO THE ENTERPRISE AND BUSINESS COMMITTEE – CARDIFF AIRPORT**

UEFA Super Cup, Heineken Cup and the NATO Summit. Following completion of the work, Cardiff Airport will have:

- an improved traffic approach and free drop off and pick up area;
- a new enlarged Departures/Security Zone employing state of the art technology;
- new toilet facilities;
- a new taxi booking facility and waiting area inside the Arrivals hall.

11. The Welsh Government approved a £10m commercial loan to enable CIAL to deliver the business plan and improvements.

12. The Welsh Government are also working with CIAL to explore operational synergies between CIAL and St Athan Aerospace Business park.

### **Marketing and Promotion**

13. The Welsh Government is currently working with CIAL to market and promote Wales in key destinations and 'in flight' magazines. The Welsh Government is also working with CIAL to promote Wales to key airline customers and to deliver Visit Wales Marketing activity within appropriate originating destinations.

14. In addition, Visit Wales and CIAL attended and exhibited at the 2013 World Routes conference to raise the profile and awareness of Wales as a destination and to highlight that CIAL, was looking to develop a quality airport facility and destinations with the aim of establishing long term growth.

### **Access to the Airport**

15. On 1 August 2013, the Welsh Government introduced a new express bus service between Cardiff City Centre and Cardiff International Airport. This service operates every 20 minutes throughout the day. A review of the service was undertaken by Professor Stuart Cole of the University of South Wales to identify any early requirements for operational change.

16. The review identified that the objectives for a fast and frequent service between the city centre and the airport have been met. The report also confirmed that reliability and punctuality has been and remains good, and that the service has very quickly established a high profile and strong identity. Details of the service and review can be accessed through the following link:

<http://wales.gov.uk/topics/transport/aviation-home/cdfair/cae/?lang=en>

17. The Welsh Government also continues to support the Cardiff Airport Shuttle bus service that runs between Rhoose train station and the airport, offering passengers and employees a sustainable travel choice for travel to the airport

18. Road access to the St Athan and Cardiff Airport Enterprise Zone is currently being reviewed by Transport in conjunction with the Vale of Glamorgan County Council. Work has started on a road straightening project, Gilestone Bends

## WRITTEN EVIDENCE PAPER TO THE ENTERPRISE AND BUSINESS COMMITTEE – CARDIFF AIRPORT

costing almost £3m, to improve access to the St Athan and Cardiff Airport Enterprise Zone.

### **The Welsh Government's policy approach to Aviation**

19. Our approach to aviation is holistic and addresses aviation across its entire value chain. However, it is important to understand that the Welsh Government views aviation as only one strand within its overall transport strategy and continuous drive to improve connectivity. We view aerospace as being the industrial activity that supports the aviation industry, both in terms of the production of aircraft and their subsequent maintenance, repair and overhaul, key issues are:

- The strength of the aerospace sector in Wales as a centre of excellence for aerospace manufacturing and Maintenance, Repair, and Overhaul (MRO) related activities and skills; Over 20% of UK MRO business is already carried out in Wales.
- Airports and air services development as a critical part of our national infrastructure and as an economic driver and gateway into Wales. The value of the aerospace industry to Wales is over £5Bn in GVA and 20,000 in employment.

20. We recently published an interim paper on aviation that outlines and summarises our current policy and approach. The paper is available at:

<http://wales.gov.uk/topics/transport/aviation-home/?lang=en>

21. We will be revisiting this in the light of the UK Airports Commission interim report, which was published shortly before the end of last year.

# Agenda Item 6

**National Assembly for Wales  
Enterprise and Business Committee  
Inquiry into EU funding opportunities 2014-2020**

**Comments from Dr Liz Mills, Independent Policy Analyst**

**1. General points in relation to the specific Terms of Reference for this Inquiry**

*Understand the main opportunities for organisations in Wales from EU funding programmes for 2014-2020 falling within the remit of the Enterprise and Business Committee.*

Understanding of the opportunities presented by various EU funding programmes for organisations in Wales depends upon a proper appreciation of (1) the relationships between EU policy objectives and the funding programmes designed to address them and (2) how the roles and activities of organisations in Wales fit with the EU agenda.

- Any organisation set up to signpost potential project developers to funding streams needs to have staff with an overview of all relevant programmes and the capacity to grasp these connections.
- Competitive bidding to most programmes other than 'mainstream' Structural Funds and the RDP requires applicants to demonstrate knowledge of relevant EU policy and legislation and to explain how their projects will contribute to implementation.

It is important to consider the full range of organisations active in the various policy areas covered by the remit of the Enterprise and Business Committee and eligible to apply for funding.

With regard to the funding programmes currently under consideration by the Committee, the Territorial Cooperation programmes of Structural Funds are designed to be particularly relevant for public bodies. In the case of the interregional programme INTERREG Europe, for example, only 'public bodies and bodies governed by public law' can be direct beneficiaries.

Current support arrangements put in place by the Welsh Government seem targeted mainly at academia and businesses. More consideration needs to be given to supporting project development and engagement in European issues more generally, on the part of local authorities, town and community councils and other public bodies, not least in the fields of economic development, transport and infrastructure. Opportunities to exchange experience on approaches to public procurement, for example, are relevant.

*Consider the extent to which Wales takes an effective approach to maximising the opportunities available from such funding, including the Welsh Government's EU Strategy, the extent to which EU funding is planned into the budgetary cycle of the Welsh Government and other public authorities in Wales.*

As the Committee will be aware, the final inquiry conducted by the former European and External Affairs Committee of the National Assembly considered *Welsh participation in the EU research, innovation and lifelong learning programmes*. The current inquiry covers some of the same ground. It is worth noting two general areas of concern identified by that inquiry in their 2011 report, namely:

- in the Welsh Government's overall EU strategy, lack of a comprehensive approach to EU policy and funding programmes and a means of maximising engagement from across Wales; and
- shortcomings in support arrangements for participation in EU programmes.

Specific recommendations made by the Committee in these two areas - Recommendations 7 and 13 - were accepted in principle by the Welsh Government.

While some welcome steps have since been taken, for example to move towards a more joined-up approach to the management of some EU funds within the Welsh Government, these recommendations have yet to be implemented.

*Identify individuals and organisations with a track record of success in participating in EU projects/programmes/initiatives, and explore how their experiences and abilities could be used effectively during 2014-2020.*

In the continuing absence of arrangements for systematic reporting and monitoring of participation by Welsh organisations in the whole range of EU programmes it is very difficult to put together an accurate picture of the resources coming in to Wales and the ways in which these funds are being used. It seems that little effort is devoted to assessing the relevance and impacts of participation in these various programmes, for example in relation to policy priorities in Wales.

It follows that it is also difficult to identify organisations with a track record of success. Success needs to be measured in terms of lessons learned, improvements to policy and practice locally and, where appropriate, impacts 'on the ground' and not only in terms of total sums 'drawn down'. Proper arrangements need to be made to enable those with experience in bidding for funds and implementing projects to publicise their activities and to network with others involved in the same policy areas. At the very least there should be one website or portal covering all EU funding programmes applying to Wales and a searchable database of approved projects including contact details of partners.

Many other European regions now have one body tasked with maximising the engagement of stakeholders in all available EU funding programmes. Typically they operate with a small core staff able to work in several languages, supported by a network of 'experts' who may be consultants and/or those with experience as beneficiaries of funding and who are able to put international partnerships together. Examples from France include Nord Pas de Calais, where the Managing Authority has a framework contract with a consortium of consultants [http://www.nordpasdecals.fr/jcms/c\\_10270/frappe-fonds-regional-d-aide-aux-porteurs-de-projets-europeens](http://www.nordpasdecals.fr/jcms/c_10270/frappe-fonds-regional-d-aide-aux-porteurs-de-projets-europeens)

Picardie [http://www.picardie.fr/spip.php?page=aide&id\\_dispositif=273](http://www.picardie.fr/spip.php?page=aide&id_dispositif=273)

and Lorraine [http://eureka.lorraine.eu/jahia/Jahia/cache/offonce/fr/pid/1705?view\\_id=8759](http://eureka.lorraine.eu/jahia/Jahia/cache/offonce/fr/pid/1705?view_id=8759)

## **2. Comments on the Territorial Cooperation (TC) programmes**

### **2.1 Lack of engagement with the URBACT programme**

In addition to the four INTERREG programmes mentioned in the Terms of Reference the URBACT and ESPON programmes are available to organisations in Wales. Comments here focus on URBACT.

The interregional URBACT programme for exchange of experience on sustainable urban development is especially relevant for local authorities but scarcely used in Wales. During the 2007-13 funding period only Cardiff City Council and Bridgend CBC participated in URBACT projects, with only Bridgend receiving funds from the programme via the project CASH. <http://urbact.eu/en/projects/low-carbon-urban-environments/cash/homepage/>

Up to now URBACT has received little attention from WEFO or the Welsh Government more generally, despite its relevance for the city regions agenda and for Structural Funds programming.

While it is clear that the inquiry is not intending to address the main EU Structural Funds programmes, Territorial Cooperation is a specific objective of Cohesion policy. The TC programmes – financed by the ERDF - are part of the Structural Funds 'architecture'. At EU level there are intended to be explicit links between the mainstream and TC programmes. In particular, lessons learned through collaborative projects are intended to inform the design of the Operational Programmes in the regions.

During the 2007-2013 funding period the European Commission established particular arrangements for projects in URBACT II and INTERREG IVC to test innovative approaches suitable for rolling out in the next generation of mainstream programmes. In URBACT, for example, it was intended that representatives of the Structural Funds Managing Authority from each partner's region would follow each approved project. Dedicated funding was available to support their participation in project meetings. It was expected that ideas from each project would inform programming. More to the point, the URBACT programme was the test bed for some specific measures to support integrated approaches to sustainable urban development, now built in to the Regulations for Structural Funds for the 2014-2020 period and required in the new programmes.

Briefing papers prepared during 2012/13 for the WLGA provide background on the European agenda for sustainable urban development and are appended (with the agreement of WLGA). <http://www.wlga.gov.uk/new-sustainable-development-and-europe>

Proposals for URBACT III (with a much increased budget) are currently under discussion and need to be set against the arrangements for an Urban Development Network and a new ERDF Urban Innovative Actions funding stream.

At present Wales does not seem well prepared to respond to this agenda and there is a risk of significant missed opportunities in the next funding period once again.

## **2.2 New agenda for INTERREG Europe**

For the 2014-2020 funding period the interregional INTERREG Europe programme (preceded by INTERREG IIIC and IVC) is set to be more focused than previously on influencing what happens in the mainstream programmes (in the case of Wales the *West Wales & the Valleys* and *East Wales* programmes). This is likely to restrict opportunities for 'bottom-up' project development. Moreover, the proposed arrangements will require Managing Authorities to go beyond their role in funds management to engage directly with projects and extract and apply good practice lessons from them. Policy Learning Platforms will be set up. It is uncertain at the moment how the Welsh Government is preparing for the much closer integration of policy and funds management roles that seems to be intended.

## **2.3 Preparing for the new Territorial Cooperation programmes**

In relation to Territorial Cooperation, the NAW committee's 2011 report on *Welsh participation in the EU research, innovation and lifelong learning programmes* noted in particular:

- the need for an updated strategy for Territorial Cooperation; and
- concerns about financial resources available to potential partners in collaborative projects, with specific reference at the time to the Welsh European Collaboration Fund.

Across Europe, Territorial Cooperation programmes for the period 2014-2020 are being prepared in the light of the *Territorial Agenda of the European Union 2020* (TA2020) adopted by national ministers.

Wales still has no published strategy explicitly for Territorial Cooperation to guide its involvement in the preparation of the new programmes, not helped by the absence of a

'territorial strategy' for Wales since the demise of the Wales Spatial Plan and by lack of connection to intergovernmental discussions around territorial cohesion and spatial planning led on behalf of the whole of the UK by the Department for Communities and Local Government.

Clear statements from the Welsh Government on the benefits of cooperation with partners from outside the UK would greatly assist in convincing eligible organisations to apply for funds.

With regard to possible funding for project development for Territorial Cooperation and other EU programmes requiring collaboration with partners from outside the UK, it is not yet clear whether the new fund SCoRE Cymru will be available for programmes other than Horizon 2020. Modest funding for travel to enable project developers from Wales to take part in partner search events and to meet prospective partners could be an effective way to improve take-up of the TC programmes and complement the support provided by National Contact Points where these are in place.

March 2014



## **WLGA Sustainable Development Framework**

### **We are not alone: European connections for local sustainability**

**Paper 1    EU strategy for sustainable development**

**Liz Mills**

**December 2012**

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## 1 The purpose of this paper : a European overview

The WLGA Sustainable Development Framework provides information and practical support for Welsh local authorities in the delivery of their responsibilities around sustainable development. Up to now the coverage of European policy and initiatives relevant for local sustainability has been limited.

There is no doubt that the European Union has a major impact on the lives of people in Wales, and in general ‘Wales plays a positive role within the EU as an active partner.’<sup>1</sup>

For local authorities the impact of EU legislation and the availability of funding – especially Structural Funds – are particularly important.

Since 2003 the WLGA European Office in Brussels has provided a dedicated resource for member authorities on European issues and promoted the role of Welsh local government in European affairs. Briefings relevant for work on local sustainability are prepared by the Brussels office staff; news items and partner searches are included in WLGA’s newsletter *Contact Europe Express* or posted on the website.

However practitioners in Wales :

- are not necessarily aware of the **EU’s longstanding commitment to sustainable development**, associated opportunities to influence policy and its significance for local action;
- may not be taking full advantage of the **extensive ‘European toolkit’** put in place to support local and regional authorities in delivering sustainability; and
- could probably do more to **identify and apply good practice** from outside the UK, to promote their own achievements, and generally to benchmark their own performance against some of the ‘most sustainable’ local authorities in Europe.

The SD Framework for 2012/13 provides an opportunity to take a more systematic look at the European context.

In the ‘logic’ of the EU system, funding and other support measures are always related to policy objectives. A good appreciation of the EU policy context should help Welsh local authorities to access EU funds and to raise their game by drawing on guidance and good practice lessons from across Europe.

This paper is the first of a series of briefings intended to provide those working on sustainable development in Wales with an overview of relevant EU policy and measures. It briefly describes the evolution of the EU’s strategy on sustainable development over the past 20 years (Section 2.1) and its relationship to the current overarching strategy Europe2020 (Section 2.2) – which is now the basis for planning all EU funding programmes and other measures available to support local and regional work on SD. Efforts to strengthen the local and regional dimensions of these strategies are outlined in Section 2.3. Section 3 comments on the relevance of this agenda for practice in Wales. Extracts on sustainable development from the EU

Treaties are in Annexe 1. Annexe 2 gives brief details of EU institutions and other organisations operating at EU level which are tied in to the EU sustainable development agenda and which local practitioners should be aware of.

Hyperlinks provide a way in to documentary and other sources. Detail on some specific measures to support local action follows in later papers.

## 2 Sustainable development at EU level

### 2.1 A potted history

European commitments to sustainable development are grounded in the 1992 Rio Earth Summit. Along with many national governments, the European Community signed **Agenda 21 and the Rio Declaration**. The **5<sup>th</sup> Environmental Action Programme** ‘Towards Sustainability’ published in 1993 reflected the Rio agreements and resulted in a raft of environmental legislation.

The legal basis for action at European level was secured by the **Amsterdam Treaty** which came into effect in 1999. This made sustainable development one of the core tasks of the European Community. Through the recent **Treaty of Lisbon**, sustainable development is now the guiding principle for EU policy. (Annexe 1)

The **Gothenburg Agenda** adopted in 2001 is usually recognised as the first step to an EU sustainable development strategy (EU SDS). It recorded the decision of the European Council (heads of government) to focus on four environmental challenges judged to have a European dimension, ‘adding an environmental dimension to the **Lisbon Strategy**’. However, it also introduced ‘a new approach to policy making’, including:

- an invitation to Member States to draw up national sustainable development strategies and to set up national processes for stakeholder consultation;
- formal review arrangements at EU level; and
- agreement that all major policy proposals at EU level should be subject to sustainability impact assessment.

The more comprehensive **renewed EU strategy for sustainable development** adopted in 2006 included guiding principles for sustainable development (such as the precautionary principle and ‘polluter pays’) and identified seven main challenges for action:

- climate change and clean energy;
- sustainable transport;
- public health;
- sustainable consumption and production;
- conservation and management of natural resources;
- social cohesion, demography and migration ; and
- global poverty and sustainable development.

Operational objectives, targets and a detailed set of actions to be undertaken by the EU institutions and Member States were adopted for each challenge. For national SDS a system of peer reviews was envisaged, with the Netherlands the first country to do this<sup>2</sup>.

Every two years, starting in 2007 :

- the Commission was to report progress on the SDS in the EU and Member States, making use of sustainable development indicators produced by Eurostat ; and
- Member States were to report their progress on both the EU SDS and national commitments, ‘if appropriate, taking into account developments at sub-national level’.

However, these obligations were not legally binding. Most EU Member States have national SDS which they continue to implement and update but not all have monitored their performance against the challenges identified in the EU strategy.

The **2009 Review of the EU SDS** concluded that, ‘unsustainable trends’ were continuing. Particular efforts would be needed on climate change (especially adaptation), transport and biodiversity. Significantly for local government, the Review also said that there was a need for more attention to areas of activity in which local authorities are key actors, such as the promotion of cycling and walking and integration of transport and land use planning.

The 2009 Review coincided with the beginning of the financial crisis. It started a reflection on future ways to address sustainable development at EU level.

In 2010 the EU adopted a new overarching strategy – **Europe2020** – replacing both the Lisbon strategy and – in the European Commission’s view – also the EU SDS.

Since then there have been differences of view at European level on the status of the EU SDS, with the Commission failing to maintain it and the other **EU institutions** putting pressure on the Commission to safeguard its position as a crucial over-arching policy framework.

In 2012 the Rio+20 summit brought renewed interest in international commitments to sustainable development. In its **Conclusions on Rio+20** adopted on 25th October the Environment Council breathed new life into the EU SDS. The Council reaffirmed :

‘...an undimished resolve.... to an ambitious follow-up to Rio+20 and to set in motion actions and initiatives..... to... implement all the commitments ... at EU and Member State level, in particular through the ... EU SDS, which therefore should be reviewed as soon as possible, at the latest in 2014, taking into account the communication to be adopted by the Commission in the first quarter of 2013, as well as through the Europe 2020 strategy...’

The Commission’s forthcoming Communication on the Rio+20 follow-up should clarify the status of the EU SDS but it is by no means certain that existing arrangements will continue. There are opportunities to express views to the

Commission via the public consultation ‘**Ensuring sustainable development globally: EU follow-up to Rio+20**’ launched on 16<sup>th</sup> October. On-line contributions are possible until 15<sup>th</sup> January 2013.

## 2.2 The EU SDS vs Europe 2020

**Europe2020** puts innovation and green growth at the heart of the EU’s strategy for competitiveness. With its priorities for smart, sustainable and inclusive growth and much improved economic governance it is expected to be more of a driver for change than the EU SDS. It sets five headline targets for the EU in 2020 which Member States have been required to translate into targets for their own countries. Progress towards the agreed national targets must be reported annually. Reports on **implementation in the UK** are already available.

### Europe 2020

#### TARGETS FOR THE EU

- 75% of 20-64 year-olds to be employed
- 3% of EU’s GDP to be invested in R&D/innovation
- greenhouse gas emissions 20% lower than in 1990 (could be 30%)
- 20% of energy from renewable sources
- 20% increase in energy efficiency
- school drop-out rates to be reduced to below 10%
- at least 40% of 30-34 year-olds completing third level education
- at least 20million fewer people in or at risk of poverty and social exclusion

Seven cross-cutting **Flagship Initiatives** – to be implemented by EU institutions and national authorities in cooperation - have been launched to help achieve the goals of the strategy.

#### FLAGSHIP INITIATIVES

##### Smart growth

- Digital agenda for Europe
- Innovation Union
- Youth on the Move

##### Sustainable Growth

- Resource-efficient Europe
- An industrial policy for the globalisation era

##### Inclusive growth

- An agenda for new skills and jobs
- European platform against poverty

The Flagship Initiative closest to the original Gothenburg Agenda is **Resource-efficient Europe**. With a major focus on achieving the shift towards a low carbon economy, this covers many of the issues which are currently a priority for Welsh local authorities, including climate change, energy and transport. **Documents listed as Key Proposals associated with this Flagship are essential places to look for forthcoming legislative proposals and support measures relevant for SD work here in Wales.**

Major questions have recently arisen about the relationship between the EU SDS - with its established but imperfect targets and review procedures - and the Europe 2020 strategy – covering most of the same ground - which now provides the context for all forward planning.

One of the reasons for the Commission's enthusiasm for the new strategy is the securing of targets and monitoring arrangements for Europe 2020 which are legally binding on the Member States. However, the other EU institutions are keen to retain the SDS, especially to ensure that the concept of operating within planetary limits – fundamental for sustainability - is not lost as the EU moves towards an approach based on 'green growth and ecological modernisation'.<sup>3</sup>

Further controversy has surrounded the Commission's delayed preparation of the 7th Environmental Action Programme (7th EAP), with the Resource Efficiency Flagship seen by the other institutions as inadequate to meet continuing environmental challenges<sup>4</sup>. The Commission's proposal, 'to guide environmental policy up to 2020' - **Living well, within the limits of our planet** - was published on 29th November. The stress on planetary limits is likely to be welcomed – and the international dimension is much stronger in this new programme than previously – but the resource efficiency agenda dominates and there is no mention of the EU SDS.

### **2.3 Recognising the importance of local efforts**

Although many measures developed within the framework of the **EU SDS** have been available to support local and regional delivery, the strategy itself has never had a very strong local or regional dimension. The focus has been on challenges judged to require a European approach and on EU and national efforts to tackle them. Reviews of progress have focused on the European level. There has been reliance on national governments to report progress on sustainable development in their countries – including sub-national actions – and to feed these into the EU monitoring process. Not all countries distinguish local efforts.

A recent **update from Germany** provides a good example of a national SD strategy which clearly spells out the role of each 'level' of government within a 'nested' system.

In the UK the approach now looks more 'parallel' than 'nested'.

## The EU SDS and the UK

The UK Government's 2005 SDS **Securing the Future** remains a useful reference document. This set out the objectives in the EU SDS and the UK's commitment to addressing them and identified the European policy initiatives, legislation, funding programmes and other measures relevant for action throughout the UK.

In conjunction with **Securing the Future**, the UK government and Devolved Administrations (DAs) published a shared framework for sustainable development. Entitled **One Future – different paths**, this covers some of the same challenges as the EU SDS but does not mention it specifically.

The UK has reported progress against the objectives in the EU SDS using national SD indicators designed to mesh with the Eurostat reporting requirements. It is not entirely clear how evidence from the DAs – including Wales – has been reflected. For the moment **Sustainable Development Indicators for Wales** are in line with the existing UK set and presumably feeding any 'onward reporting'.

The UK coalition government reportedly supports the continuing existence of an overarching EU framework for sustainable development. However, the current approach is said to be 'out of kilter' with that of other EU countries, the focus in the UK now being more on the 'mainstreaming' of SD, as happens under the **OECD system**. While committed to exchanging experience on SD with European partners, the UK government's 2011 statement **Mainstreaming sustainable development** makes no reference to the EU SDS.

The Rio+20 conference has resulted in much stronger recognition of local and regional efforts in the delivery of international agreements. At the summit it was clear that practical progress towards sustainability at local level – and especially in cities – has generally surpassed national efforts.

At Rio+20 one of the EU delegation's declared aims was 'to ensure that commitments are taken worldwide at the level closest to citizens – in towns, cities and regions'. The **Committee of the Regions signed a memorandum of Understanding with UNEP** on sustainable cities and regions, making commitments to multi-level environmental governance, green economy and resource efficiency, climate change mitigation and adaptation, biodiversity and ecosystems management and decentralised cooperation for development.

At its meeting of 25<sup>th</sup> October 2012 the Environment Council commented that '...the agreed outcome document from Rio **'The Future We Want'** ... constitutes a sound basis for further work in the ongoing quest for sustainable development, globally, regionally, nationally and locally' and reaffirmed 'support for an open and inclusive follow-up process allowing the full and active participation of all major groups and stakeholders' including 'strong involvement' of local authorities. 'Meaningful involvement' of local authorities – along with 'all parts of civil society and national

and sub-national authorities' is also called for in relation to the improved Institutional Framework for Sustainable Development (IFSD).

For **Europe 2020** it should prove more straightforward to ensure an explicit local and regional dimension, mainly because of :

- the inclusion of a new objective for territorial cohesion in the EU Lisbon Treaty and the adoption by national governments and the European Commission of the **Territorial Agenda 2020** with its focus on place-based policy making and delivery ; and
- general acceptance at EU level of the concept of multi-level governance in which the role of regional and local authorities is well recognised.

For the Committee of the Regions, 'joined-up multi-level governance is a pre-requisite for the success of Europe 2020'. Having previously called for the adoption of local strategies for SD, the COR is now encouraging all regions and local authorities to develop their own 'Europe 2020 vision'.

In 2010 the COR launched its **Europe 2020 Monitoring Platform** as a way to demonstrate local and regional contributions to the delivery of the agreed European objectives and to enable participating organisations to report on and compare their progress. The Platform is also a way to feed local and regional views into the EU decision-making processes and a useful channel for exchange of experience. More than 160 local and regional authorities are members of the Platform. The COR's **Handbook for Local and Regional Authorities: Delivering on the Europe 2020 Strategy** is a useful source.

#### **Welsh connections**

In 2010-12 Christine Chapman AM was one of the two political coordinators of the Europe2020 Monitoring platform.

There has been no participation from the Welsh Government or Welsh local authorities up to now. However, the Welsh Government must in any case report its contribution to the achievement of the UK's Europe 2020 targets for inclusion in the **National Reform Programme**.

#### **Good practice example**

The INTERREG IVC project **EU2020 Going Local**, led from Sweden and with two UK partners, has focused on regional level implementation of EU2020, looking in particular at measures for energy and sustainable transport.

Recognising the need to find practical ways to secure local and regional participation in the implementation of EU strategic goals in a more reliable way than has occurred in relation to the EU SDS, the COR has proposed the use of **Territorial Pacts** for Europe 2020.

### **A Territorial Pact for Europe 2020**

A Territorial Pact for Europe 2020 is an agreement between a country's tiers of government (local, regional, national) in which parties signing up to the Pact make a commitment to coordinate their policy agendas so as to focus their actions and financial resources on the EU2020 targets.

Within a particular country Territorial Pacts could be set up to implement one or several of the Flagship Initiatives.

The Territorial Pact could provide the basis for local authority involvement in shaping and spending Structural Funds resources, and in particular for global grants.

Voluntary sustainability pacts – similar in concept to the Territorial Pacts now being promoted but lacking the link to EU funding – were piloted by 25 European cities and 17 regions in 2002-3 through a Eurocities project. The aim was to create agreements between the European Commission, Member States and other government levels to improve implementation of existing European policies contributing to sustainable development. Eurocities' priorities for 2012 include continuing 'to engage with the EU in the development of innovative processes, tools and instruments.... to enhance governance in Europe, such as.... territorial pacts'.

The EU's Economic and Social Committee is also actively promoting engagement by local stakeholders in Europe 2020. A series of '**going local events**' has recently been held.

In relation to environmental issues, there is much support at EU level for further measures to enable a greater contribution from local and regional authorities in the 7<sup>th</sup> EAP. An emphasis on practical measures to improve implementation (especially compliance with EU legislation) is expected. Some of the new proposals – and in particular the focus on land as a scarce resource – are likely to have major implications for spatial planning and the management of development by local authorities.

### 3 Getting to grips with this agenda – why it matters for Wales

As a region of an EU Member State, Wales already operates within the broad legal framework established in the EU Treaty. Sustainable development is a longstanding shared objective, applying to all countries and regions of the EU, even if they have not chosen to enact their own legislation on the subject.

The ‘European approach’ to SD has since the 1990s been driven by the intention to make sustainable development an underlying principle in all areas of EU activity. In line with the approach recommended in Agenda 21, all tiers of government have been encouraged to establish integrated strategies for sustainable development containing long term objectives with measurable targets.

Recognising that joined-up thinking in policy-making is not sufficient to achieve concrete outcomes, the EU institutions have also promoted ‘full use of the right tools’, especially routine use of sustainability impact assessment and much smarter use of measures to influence the market such as public procurement, tradable permits and removal of harmful subsidies. This approach broadly continues.

Local and regional authorities wishing to access EU funds generally have to demonstrate that they have an integrated local strategy in place<sup>5</sup>.

The EU Treaty obligations and the existence of the EU SDS have enabled massive Structural Funds and other EU spending on the SD agenda, especially on environmental and social initiatives. Those dealing with Structural Funds in Wales generally appreciate this. However, knowledge of other EU measures useful for local delivery tends to be patchy. A steer from the Welsh Government as to which EU initiatives are seen as helpful in securing local action for SD could make a great deal of difference.

Although many **Welsh local authorities** were very involved in Local Agenda 21, few have recently gone beyond statutory requirements for strategy preparation to adopt comprehensive sustainability programmes making use of the whole ‘toolkit’.

Ideally, local authorities interested in securing EU funds – and taking part in other EU initiatives around SD – now need to be able to demonstrate how local activities relate to Europe 2020.

An alternative to production of local strategies for SD could be adoption of local Europe 2020 ‘visions’, as promoted by the COR. These could be useful preparation for accessing future Structural Funds resources

The **Welsh Government** could probably do more to enable local authorities to understand how the EU commitments and provisions of the EU SDS relate to policy priorities in Wales. Other EU regions typically do this through a sustainable development strategy.

Both **One Wales, One Planet** and the Welsh Government’s recent White Paper **A Sustainable Wales: Better Choices for a Better Future** briefly acknowledge the

relevance of the EU framework but place more emphasis on Wales playing its part internationally than in delivering shared European commitments.

- The Welsh Government's **Sustainable Development Annual Reports for 2010-11** and **2011-12** mention the use of some European measures to support local action – principally Structural Funds – but do not refer to the EU SDS.
- In some areas of activity judged problematic in the SD Annual Reports (for example the difficulty of achieving modal shift from private cars to cycling and walking) there are EU support measures which could be brought into play.

Once the SD legislation is in place the Welsh Government could consider an awareness-raising review of all EU instruments relevant for SD implementation here in Wales, for example to inform the preparation of guidance for implementation of the new SD duty.

The Welsh Government could also consider strengthening or 're-connecting' to some of the processes associated with the EU SDS. For example, they might:

- include a section on Wales's contribution to tackling EU priority challenges in future annual reports measuring progress against the SD Scheme (or whatever replaces it);
- aim for greater consistency between material presented in the SD Annual Reports and the detailed evidence on many of the same measures included in the sections about Wales in the **UK's National Reform Programme**.
- include measures aligned with the EU reporting requirements in the new set of SD Indicators for Wales (foreseen for next year) and make sure that indicators used by local authorities to monitor their SD progress are aligned with the European framework;
- establish a system for routine use of sustainability impact assessment in the allocation of public funds;
- require the new SD body to engage with ESDN or EEAC (see Annexe 2), depending on its eventual function; and
- arrange for peer review of the Welsh Government's approach to SD (something not undertaken for the UK SDS which in the past was subject to an internal review process). This could possibly be undertaken through the **Network of Regional Governments for Sustainable Development** (which itself came into being as a result of funding from the Structural Funds' **Innovative Actions** budget available in 2002-6, in turn made possible by the existence of the EU SDS).

The extent to which these actions are useful will to some extent depend upon the fate of the EU SDS itself.

Given the importance of the sustainable development agenda for Wales it seems appropriate to take an active interest in current debates around the future of the EU strategy and its relationship to Europe 2020.

- Continuation of the SDS could be important for securing future resources for a 'greener' agenda – for example for further work to reduce the ecological footprint of Wales.
- It seems likely that the planned review of the EU SDS in 2014 will have an explicit local and regional dimension. This creates an opportunity for both the Welsh Government and Welsh local authorities to demonstrate the effectiveness of our arrangements to deliver on SD objectives and to influence the design of future instruments.

New opportunities to secure support for regional and local action are likely to be provided by the renewed connection to Rio processes and the 7<sup>th</sup> EAP.

Wales has representatives in the EU institutions currently working on these issues. Local practitioners have much to gain by supporting their activities and making full use of their expertise.

## Annexe 1 Sustainable development in the EU Treaties

The **Amsterdam Treaty** which came into effect in 1999 made sustainable development one of the core tasks of the European Community, stating (in Article 2) that ‘the Union shall set itself the following objectives.... to promote economic and social progress and a high level of employment and to achieve balanced and sustainable development...’

An important means to promote sustainable development was the additional Treaty provision (in Article 6) for environmental protection requirements to be integrated into the definition and implementation of other policies.

### Welsh connections

At their meeting in Cardiff in June 1998, the European Council called for other Council ‘configurations’ to establish strategies for integrating the environment and sustainable development into their respective policy fields. Applying initially to the Councils for energy, transport and agriculture, the so-called **Cardiff Process** was applied to most policy areas including industry, the internal market, cohesion and economic and financial affairs. Shortcomings in implementation are considered to have undermined this process, now quietly discontinued. However, practical tools for use ‘below’ the EU level - such as the Directive for Strategic Environmental Assessment - are now well established and used routinely, including of course in Wales.

The **Treaty of Lisbon**, which came into force in December 2009, makes sustainable development the guiding principle for EU policy.

**Article 3** states that ‘The Union shall establish an internal market. It shall work for the sustainable development of Europe based on balanced economic growth and price stability, a highly competitive social market economy, aiming at full employment and social progress, and a high level of protection and improvement of the quality of the environment. It shall promote scientific and technological advance.

It shall combat social exclusion and discrimination, and shall promote social justice and protection, equality between women and men, solidarity between generations and protection of the rights of the child. It shall promote economic, social and territorial cohesion, and solidarity among Member States. It shall respect its rich cultural and linguistic diversity, and shall ensure that Europe’s cultural heritage is safeguarded and enhanced.’

**Article 5** states that ‘In its relations with the wider world, the Union shall uphold and promote its values and interests and contribute to the protection of its citizens. It shall contribute to peace, security, the sustainable development of the Earth, solidarity and mutual respect among peoples, free and fair trade, eradication of poverty and the protection of

human rights, in particular the rights of the child, as well as to the strict observance and the development of international law, including respect for the principles of the United Nations Charter.’

The inclusion of sustainable development as an objective in the EU Treaty has had a major impact on the work of the EU institutions; officially it is ‘mainstreamed’ into all policy areas and programmes. However, as in Wales, the degree to which this legal obligation produces results ‘on the ground’ is a matter for debate. **Success depends upon the effective deployment of a range of measures grounded in the Treaty commitments.**

## Annexe 2 Getting involved – key organisations at EU level

Work on the EU strategy for sustainable development has been driven mainly by the European Commission and the European Council. However, several of the other **EU institutions** have formal arrangements to influence and respond to the EU SDS.

Most relevant for Welsh local authorities are :

- The **Committee of the Regions (COR)**, the main forum for liaison with sub-national and local government. According to its mission statement, the COR works ‘to secure harmonious and sustainable development across all European territorial areas’. COR has long been in favour of local and regional authorities defining their own SD strategies in line with the strategic objectives set at national and European levels. The COR’s Commission (committee) on Territorial Cohesion (COTER) deals with the local sustainability agenda under the general heading of ‘sustainable cities’.
- The Economic and Social Committee (EESC), which established its **Sustainable Development Observatory** in 2006 following the adoption of the Renewed EU SDS. The Observatory has pulled together links to **best practice databases** on a range of topics including Local Sustainability.
- The **European Parliament**, with its cross-party **Intergroup on Climate Change, Biodiversity and Sustainable Development**. A seminar on ‘Supporting cities for sustainable solutions’ in 2010, and more recently a joint meeting with the Urban Intergroup on green infrastructure in urban areas, signal a growing interest in actions in cities.

### Welsh connections

Councillor Bob Bright, Leader of Newport City Council, represents Wales on the Committee of the Regions’s COTER Commission.

Rhodri Glyn Thomas AM serves on the COR Commission for Natural Resources (NAT). There are currently no members from Wales on the Environment, Climate Change and Energy (ENVE) Commission.

Wales sends three representatives to the Economic and Social Committee, including Brian Curtis who serves on the ‘TEN’ Section (which deals with Transport, Energy, Infrastructure and Information Society) and Tom Jones (WCVA vice president) who is a member of the NAT Section (Agriculture, Rural development and Environment).

Jill Evans MEP serves on the Committee on Environment, Public health and Food Safety. None of Wales’s four MEPs is currently a member of the cross-party Intergroup ‘Climate change, biodiversity and sustainable development’ but they should be aware of its activities.

Besides the EU institutions, two networking organisations have had a semi-formal role in implementation of the EU SDS.

- The **European Sustainable Development Network (ESDN)**, dating from 2002, is an informal network whose members are mostly civil servants from national ministries responsible for their national SD strategies, so for the UK the main contacts are with Defra. Although not entirely up to date the ESDN website provides a history and links to many useful sources including EU documents and national SD strategies.
- The network of European Environment and Sustainable Development Advisory Councils (**EEAC**) brings together national advisory bodies on sustainable development such as the former UK Sustainable Development Commission. Working groups and events cover many topics of interest to local authorities, including in 2012 the green economy and sustainable mobility.

In addition – and very accessible for local authorities – several local government networks with a sustainable development agenda operate at European level or at a broader international scale. Most significant are the **Council of European Municipalities and Regions (CEMR)**, **Eurocities** and **ICLEI**. They seek to influence EU policy developments on behalf of their members and lobby for local authorities to be properly supported in their efforts to manage their local areas in more sustainable ways.

### **Welsh connections**

The ESDN website reports arrangements for sustainable development in EU member countries, including ‘sub-national’ measures relevant for local government. The section on the UK includes a description of actions in Wales and it is possible to make comparisons with progress in other parts of the UK as well as in other European regions. Efforts need to be made to keep this information updated. Note that in many European countries Local Agenda 21 is still very much alive, in contrast to the situation here.

Through its new Chief Executive, Cynnal Cymru has recently become an associated partner of ESDN.

CCW is an EEAC partner.

WLGA is a member of CEMR. No individual authorities in Wales are currently members of Eurocities or ICLEI.

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<sup>1</sup> *Wales and the European Union : the Welsh Government's EU strategy*. May 2012 p. 7

<sup>2</sup> For some examples see *Good practices in the national sustainable development strategies of OECD countries*, OECD 2006 <http://www.oecd.org/greengrowth/36655769.pdf>

<sup>3</sup> Ecorys Research & Consulting (2008) *Progress on EU Sustainable Development Strategy: Final report* Ecorys Nederland BV, Rotterdam.

<sup>4</sup> See for example the Opinion adopted by the Economic and Social Committee in April 2012. <http://www.eesc.europa.eu/?i=portal.en.nat-opinions.22840>

<sup>5</sup> There is more about this in Paper 2



## **WLGA Sustainable Development Framework**

### **We are not alone: European connections for local sustainability**

**Paper 2    An EU 'toolkit' for local sustainability**

**Liz Mills**

**May 2013**

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## 1 The purpose of this paper: knowing where to look

Paper 1 outlined the broad European context for local and regional work on sustainable development, focusing on the EU Strategy for Sustainable Development (EU SDS), its relationship to Europe 2020 and the relevance of these strategies for Wales. This second paper turns to the many initiatives put in place to support local and regional efforts and seeks to explain where these have come from and how they fit together.

Rather strangely, we need to consider not only the EU SDS but also what is referred to as policy for sustainable urban development because it is this strand of work that has had the most impact in terms of funding and other policy measures available for local authorities to use.

It is important to stress that the term 'urban' is open to interpretation; it may be applied to settlements of all sizes, including villages and small market towns. This matters because practitioners from rural areas can very easily assume that use of the word 'urban' in a document indicates that it has no relevance for them when this is not necessarily the case.

The following points are also worth noting:

- Although urban policy is not a formal EU competence, the adoption of urban measures at EU level has long been justified by reference to the large percentage of the EU population (at least 70% - expected to increase) living in urban areas.
- There now exists a 'European consensus on the principles of urban development' – the so-called '*Acquis Urbair*' – seen as necessary for achieving overall EU objectives, as in the former Lisbon Strategy and EU SDS<sup>1</sup> and currently in Europe 2020.
- EU documents on urban areas very often talk about 'cities'. However, 'cities' are not actors. Rather, local governments responsible for administering urban areas are the actors with whom other levels of government must engage.
- In some European countries the term 'cities' is used to mean 'local authorities'. Although there are indeed EU policy measures specifically targeted towards large urban areas, many initiatives may in fact be used by local authorities responsible for many different types of territory.
- Within the European Commission the Directorate General for Environment (DG ENV) took some of the first steps towards a European urban policy, recognising that both challenges and solutions are concentrated in urban areas. (For example, cities are key sources of pollution but have a great deal of scope for action to reduce and manage this). Several EU Directives (for example on air quality and

noise) impose specific requirements on urban centres with populations over a certain size; local authorities participated in working groups during the drafting process. However, from at least the mid 1990s the lead has been taken by DG Regional Policy (DG Regio).

- Several other DGs (for example those responsible for transport, energy, research and, most recently, climate) have developed their own initiatives for 'cities'. Links between them are maintained through an urban inter-service group convened by DG Regio. DG Regio has recently been renamed DG Regional and Urban Policy, reflecting the fact that (1) urban issues are high on the EU agenda at present, (2) DG Regio is keen to emphasise its leadership and (3) Structural Funds are a key resource for practical urban action.
- Member States remain largely responsible for urban policy, and more generally for setting the frameworks within which local authorities function. However, national ministers responsible for urban policy have been collaborating at European level for nearly 20 years, resulting in some common 'intergovernmental' approaches. They work particularly closely with DG Regio. Their joint activities are highly influential in shaping opportunities for Structural Funds spending in urban areas – and by local authorities.
- European networks of local authorities follow EU developments closely and work directly with the EU institutions. Some – such as CEMR, Eurocities and ICLEI – are also directly involved in the 'intergovernmental' processes. They are in a good position to both influence and benefit from European initiatives for 'cities'.

This paper outlines the main steps towards 'urban' policy at European level – emphasising the local sustainability dimensions. Section 2.1 focuses on developments led by EU institutions and Section 2.2 on intergovernmental efforts, in each case picking out some key initiatives. Section 2.3 highlights some of the most recent proposals. Section 3 comments on the relevance of this agenda for local authorities in Wales. As with Paper 1, hyperlinks in the text provide direct access to the main sources.

## **2 European steps towards policy for 'sustainable urban development'**

### **2.1 Inside the EU institutions**

The European Commission started to work directly with local authorities on sustainable development during the early 1990s, before the Amsterdam Treaty came into effect and well before there was an EU SDS.

The first steps, prompted by the European Parliament, were rooted in concern for the urban environment.

#### **European Sustainable Cities: The 'Aalborg process'**

The Commission's milestone **Green Paper on the Urban Environment** published in 1990, mainly known for its impact on town planning, is also significant for work on local sustainability because it led to the establishment by the European Council of an **Expert Group on the Urban Environment** whose members were mainly national civil servants and representatives from individual cities and local government networks. Responding to progress made at the first Rio summit, this group opted to tackle sustainability rather than simply environment. This was in line with the 5<sup>th</sup> Environmental Action Programme (5<sup>th</sup> EAP) 'Towards Sustainability' which recognised that local actions would be needed to secure implementation of many of the proposed legislative measures.

The Expert Group produced a policy report on **European Sustainable Cities**<sup>2</sup> (a distillation of good practice across Europe prevailing at the time) and, with the Commission and local government networks, in 1994 launched the **European Sustainable Cities and Towns Campaign** which local authorities joined by signing the **Aalborg Charter**. In 2004 the Charter was superseded by the more action-oriented Aalborg Commitments.

Local authorities active in this Campaign typically produce integrated strategies for local sustainability respecting the principles set out in the Aalborg Charter. Those signing the Aalborg Commitments are expected to produce a baseline review (the basis for target-setting) within 12 months of signing and to report progress against the targets adopted, making the report available to the public. An **Implementation Guide** is available.

## Topics covered by the Aalborg Commitments

Governance  
Local management towards sustainability  
Natural common goods  
Responsible consumption and lifestyle choices  
Planning and design  
Better mobility, less traffic  
Local action for health  
Vibrant and sustainable local economy  
Social equity and justice  
Local to global

As of 2010 there were some 2600 Aalborg Charter signatories across Europe. Around 650 local authorities – not only 'cities' - have signed the Aalborg Commitments.

Progress was to be reported to the Brussels secretariat of the European Sustainable Cities and Towns Campaign. However, dedicated funding from DG ENV ceased in 2004<sup>3</sup>, not least because much larger resources for collaboration and exchange on sustainable development at local level were to be made available through programmes like INTERREG.

The Campaign continues with the support of several local government networks and the Danish City of Aalborg which hosts the Aalborg Commitments secretariat.

- The baseline reviews and target-setting reports produced by signatories of the Aalborg Commitments represent a useful source of good practice.
- The Campaign gave many of the 'leading' local authorities on SD a basis for cooperation. Aalborg Charter signatories have been some of the most active participants in projects funded by EU programmes like INTERREG and Intelligent Energy Europe (see below).
- The Aalborg Commitments are used as a model for initiatives outside Europe, notably for the **Brazilian Sustainable Cities Platform**.
- Activities within the framework of the Campaign include a series of conferences on European Sustainable Cities and Towns and (previously) an **award scheme**. The **most recent event** - focusing on the green economy - took place in April 2013 in Geneva. Issues addressed at this conference included the future of the 'Aalborg process' in the context of the follow-up to Rio+20 and the promised review of the EU SDS<sup>4</sup>. A key outcome has been the launch of a new **European Sustainable Cities Platform**, signalling continuing commitment to bottom-up action on sustainable development. An Aalborg+20 event is planned for 2014.

### **Welsh connections**

Through a former environmental coordinator, Brett Willers, Cardiff City Council contributed to the early work of the Commission's Expert Group on the Urban Environment and piloted sustainability indicators in the mid 1990s.

Over 100 UK local authorities have participated in the European Sustainable Cities and Towns Campaign. In Wales, Cardiff, Conwy and Wrexham signed the Aalborg Charter. Bridgend made a provisional commitment. However, only 10 UK councils – and none in Wales - are signatories to the Aalborg Commitments. Hampshire County Council and the City of Edinburgh are examples of UK local authorities making recent use of the Commitments to structure their sustainable development activities.

The Council of European Municipalities and Regions (CEMR), of which WLGA is a member, has been involved with the Campaign since 1994.

### **UK practice example**

Sustainable Edinburgh 2020

In March 2012 the City of Edinburgh adopted its sustainable development strategy **Sustainable Edinburgh 2020**. A consultation carried out by the Carbon, Climate and Sustainability Team<sup>5</sup> in preparing the plan was based on the Aalborg Commitments - seen as providing a useful framework because they cover all of the key issues expected in an SD strategy, including, for example, health, poverty and education and not only climate change and low carbon. All 10 programmes proposed in the Action Plan address issues covered in the Aalborg Charter and there is a link to the Commitments from Edinburgh's website. However, the lack of follow-up to signature of the Aalborg Commitments at European level – with no feedback on proposed actions – means that Edinburgh has only limited interest in maintaining these European links. Launch of the new Platform at least provides an opportunity to publicise the city's efforts to a wide audience of interested practitioners.

### **EU policy & programmes for 'sustainable urban development'**

While many local authorities have heard of the Sustainable Cities Project, the extent to which approaches tested at local level have informed urban policy development inside the EU institutions is generally underestimated.

Alongside the promotion of local authority-wide SD strategies, EU resources were made available between 1990 and 1999 for a series of **Urban Pilot Projects** funded through Article 10 of the European Regional Development Fund (ERDF), and 1994-99 also saw the first round of the **URBAN Community Initiative** which supported area-based urban regeneration projects. Other parts of the European Commission supported local initiatives on, for example, sustainable transport and employment.

### **Welsh connections**

Although no Article 10 ERDF funded urban Pilot Projects were carried out in Wales, Swansea benefited from URBAN I, and West Wrexham from URBAN II.

Lessons from the Sustainable Cities project and these ERDF programmes were consolidated in the Commission's 1998 Communication **Sustainable Urban Development in the EU: A Framework for Action**, which for the first time took a strategic and integrated approach to urban issues across all policy areas, the logic being to enable effective bottom-up action. The Framework established shared policy objectives on employment, environment, social sustainability and governance and called upon European cities to reduce their ecological footprints and to identify multi-purpose 'win-win' (and not only 'integrated') policy solutions. It underpinned a whole range of funding opportunities for local work on urban sustainability, mainly in the Structural Funds (such as through the URBAN II programme) but also, for example, in the research framework programmes.

The Commission has not produced an urban Communication of similar breadth since 1998. However in 2010 the Inter-service group on Urban Development published a **Guide to the Urban Dimension in European Policies** summarising the policy context and all available funding programmes relevant for work on urban sustainability for the period 2007-2013. As is clear from the text of this Guide, most of the initiatives are for 'municipalities', the 'regional or local levels' or specifically 'local authorities' and not only for 'cities'.

Examples of measures most relevant for current work on local sustainability in Wales are set out in Boxes 2.1 to 2.4. They cover aspects of cohesion policy and initiatives for environment, sustainable transport, energy and climate change<sup>6</sup>.

### **Box 2.1 Cohesion policy measures in the 2007-13 funding period**

Besides mainstream Structural Funding, relatively well-known in Wales, there are the **Territorial Cooperation programmes** financed by the ERDF. Local authorities here have been able to access funds for joint working and exchange of experience on SD with partners from other European countries using the **INTERREG IVA Ireland-Wales** cross border programme, **INTERREG IVB Atlantic Area** and **North West Europe** transnational cooperation programmes, the **INTERREG IVC** programme for interregional cooperation, the **URBACT** programme for exchange of experience on sustainable urban development and **ESPON**, which mainly provides evidence relevant for 'territorial development'. UK Contact Points provide free support for project development in the INTERREG IVB programmes and ESPON.

The priorities established in all of these programmes have reflected not only overarching EU strategies – especially previously 'Lisbon and Gothenburg' – but also policy developments in specific fields such as energy, transport, employment, social inclusion and adaptation to climate change.

### **Welsh connections – some examples**

Bridgend County Borough Council was a partner in the URBACT project **CASH** (Cities' Action for Sustainable Housing). Eleven partners from 9 countries shared experience mainly on energy retrofit in social housing using ERDF and other funds, going on to incorporate good practice ideas in local forward planning.

As a partner in the INTERREG IVB project **REGAIN** – on low energy and sustainable design in industrial buildings - Blaenau Gwent secured co-financing for construction of a 500m<sup>2</sup> business incubator unit – the **REGAIN building** - on The Works site in Ebbw Vale.

Merthyr Tydfil CBC is lead partner of the INTERREG IVB project **SHARE – Safeguarding Heritage and Rural Economies** - which is exploring the role of heritage in making rural areas more sustainable and attractive. There is a practical focus on conservation skills. Partners include the National Trust and organisations in Belgium, France and the Netherlands. With Brecon Beacons National Park, Merthyr is also a partner in **COLLABORS**, looking at better ways to foster place-based business clusters from a sustainability perspective.

There have been 13 INTERREG IVC projects with Welsh partners. However, the only local authority involved has been Powys County Council, a partner in three projects. In **Business to Nature (B2N)**, for example, 10 public institutions from 8 countries compared approaches to entrepreneurship and SME support in areas important for natural environment.

## Box 2.2 Environmental tools

The EU's **Thematic Strategy on the Urban Environment** published in 2006, promoted better implementation of existing environmental policies and legislation at the local level through exchange of experience and good practices. It recommended that local authorities set up integrated systems for environmental management<sup>7</sup> and prepare **plans for sustainable urban transport**. A **guidance document on Integrated Environmental Management Plans** was published in 2007.<sup>8</sup>

Other key environmental initiatives include:

- Extension of the voluntary Eco-Management and Audit Scheme **EMAS** to local authorities.<sup>9</sup> Originally for use by companies, local authorities have been able to participate in EMAS since 2001. The Commission maintains a dedicated **local authority corner** on its EMAS website. New guidance will shortly be published by Iclei.
- The **LIFE+ programme**, which among other things has supported implementation of the Thematic Strategy on the Urban Environment, mainly via the LIFE+ Environment and Governance strand. LIFE previously funded **projects on urban environment** based on priorities in the 1998 Framework for Action. A **UK Contact Point service** is available.
- The **European Green Capital Award** launched in 2008. One European city is selected annually as European Green Capital for a forthcoming year. The award is given to a city demonstrating consistently high environmental standards, ambitious plans for further environmental improvement, and capacity to be a role model for others. All the finalists provide examples of good practice in urban sustainability.

## Welsh connections

The Isle of Anglesey County Council and Gwynedd County Council are among the partners in the **Anglesey and Llyn Fens LIFE+ project**. Led by CCW, this is the largest wetland restoration project so far undertaken in Wales.

The Green Capital for 2013 is **Nantes** (France), twinned with Cardiff.

### **Box 2.3 Tools for sustainable urban mobility**

The Commission's **Action Plan on Urban Mobility** published in 2009 recommended that local authorities prepare integrated action plans for sustainable mobility covering all types of transport including freight. Various support measures are available, including:

- The well-established **CIVITAS** initiative for 'cleaner and better transport in cities'; and
- The **Urban Mobility Portal** ELTIS, a major source of information.

Access to European Commission calls for funding on local transport tends to depend upon having a suitable local transport plan in place.

Further WLGA briefing on EU connections for sustainable transport will shortly be available.

### **Welsh connections**

Cardiff City Council is a member of the **Civitas Forum Network**, open to local authorities wishing to exchange information on clean urban transport whether or not they have received CIVITAS funding for a demonstration project. However, there are as yet no members from Wales in **Civinet UK & Ireland**.

### **Box 2.4 Key actions for energy and climate change**

These include :

- The **CONCERTO** programme, which has supported large scale demonstration projects on energy (for example, on renewables-based district heating) in 58 communities across Europe.
- The **Covenant of Mayors** on energy, through which local and regional authorities voluntarily commit to reducing CO2 emissions by more than the EU's '20% by 2020' target, mainly by increasing energy efficiency and the use of renewable energy sources in their localities. The Covenant now has nearly 4400 signatories, including 37 in the UK.

- Expanded opportunities for local authorities in the **Intelligent Energy Europe** programme. The UK's **EU Energy Focus Team** provides free support.
- Introduction of the European Local Energy Assistance (**ELENA**) facility to enable local and regional authorities to access funds for investment in sustainable energy.
- Launch of the **Green Digital Charter** in 2009 – an example of direct collaboration between the European Commission and a local government network, in this case Eurocities. Local authorities signing this Charter are committed to reducing the carbon footprint of their ICT arrangements, improving energy efficiency in areas such as buildings and transport.
- Establishment of the **Climate Change Adaptation Platform** and associated launch of **EU Cities Adapt**, especially for local authorities, both with an emphasis on practical tools.

Further WLGA briefing on EU connections for climate change and energy is in preparation.

### **Welsh connections**

Cardiff City Council and Llandoverly Town Council are signatories to the Covenant of Mayors. Further **WLGA briefing** is available.

A few Welsh local authorities have participated in projects funded by Intelligent Energy Europe (for example, Swansea in Wise Plans on energy action planning). However, the most active participant with Welsh connections is the Severn Wye Energy Agency. In **ENNEREG**, experience from Wales around the production of sustainable energy action plans has been shared with other regions. Cardiff City Council and Powys County Council have been involved in this project.

The UK page on the Climate Change Adaptation Platform website includes brief information about Wales, including a link to WLGA's evaluation report of the Changing Climate, Changing Places project. However, no Welsh local authorities responded to DG Climate Action's recent web-based survey on adaptation strategies.

## 2.2 Intergovernmental work on urban policy

Alongside work within the EU institutions, national ministers for urban policy and spatial planning have, since the mid 1990s, taken several steps towards a common approach for 'sustainable urban development'. These efforts have been closely linked to work on a broader '**territorial agenda**' for the EU – building on the European Spatial Development Perspective (ESDP) with which many planners are familiar.

### Welsh connections

The original version of the Wales Spatial Plan was grounded in the ESDP. The Welsh Government's former Wales Spatial Plan team was connected to European discussions on 'the territory' via officials in the UK's Department for Communities and Local Government (DCLG). There are no active links at the moment.

The most significant 'milestone' statements by the ministers on a common approach to urban policy are probably the 2005 **Bristol Accord** on sustainable communities in Europe and the 2007 **Leipzig Charter on Sustainable European Cities**.

In the absence of a formal EU competence for urban policy, statements like these provide the necessary political agreement for continued cooperation between national governments and the EU institutions on urban matters. They are important for securing EU funds for urban development and for action at local level more generally. Moreover, they strongly influence the kinds of actions which Structural Funds will support. The Leipzig Charter also stressed the need for multi-level governance approaches to deal with urban challenges (with local, regional, national and European government each having some responsibility) and it called for a special focus on deprived neighbourhoods.

One of the most practical outcomes of these intergovernmental processes is the **Reference Framework for European Sustainable Cities**, freely available from February 2013. This is a web tool designed to help local authorities to develop integrated approaches for sustainable development, especially offering a way to prioritise and coordinate proposed actions. With its origins in the Leipzig Charter, the Reference Framework reflects European policy priorities (including legislation where this applies) and draws upon best practice. It includes a suite of indicators to monitor progress and a spreadsheet to enable local authorities to devise their own monitoring systems. The UK government has made a commitment to support the take-up of the Reference Framework across the UK, including in Wales. CEMR has been closely involved and is part of a consortium contracted by DG Regio to support take-up.

## 2.3 A new focus on urban issues in the context of Europe 2020

### Delivering the Flagship Initiatives

Adoption of the Europe 2020 strategy<sup>10</sup> has already had an impact on policy and measures for urban areas. For example, final calls in the EU funding programmes for 2007-2013 have reflected emerging priorities in the **Flagship Initiatives**.

The EU institutions recognise that local authorities have responsibilities for policy areas linked to Europe2020. It is likely that all the Flagship initiatives will have an explicit urban or local dimension, with local government networks lobbying to ensure that this is the case. This means that new measures to support local action can be expected. For example, moves towards green, compact and energy-efficient urban areas are seen as essential for successful delivery of 'Resource Efficient Europe'. Both 'Resource Efficient Europe' and 'The Innovation Union' call for the strategic use of public procurement budgets – including those of local and regional authorities - to finance innovation, with green public procurement already strongly promoted<sup>11</sup>.

The 'Digital Agenda' already fosters 'smart sustainable cities', focusing on the role of information and communications technologies in energy saving and integration of locally generated electricity from renewables into the grid.

The **Smart Cities and Communities European Innovation Partnership**, building on the Covenant of Mayors, CONCERTO, CIVITAS and the Green Digital Charter, has been under development for the last two years. The aim is 'connection of policy and resources at EU, national, regional and local levels' so as to deliver local 'smart city solutions' around the EU's energy and climate targets. A **stakeholder platform** is in place, along with funding opportunities. There will be yearly calls for proposals to demonstrate 'smart integration' of energy technologies – covering mainly energy efficiency, energy supply and transport – in selected pilot cities. Since the funds come from the research framework programme, local authorities will probably develop proposals in collaboration with universities as well as with private sector energy and transport providers. The main implementation phase is expected to start in 2014. Support from national and regional governments is seen as essential for the success of this initiative. In the UK it complements national measures, notably the **Future Cities Demonstrator Programme** managed by the Technology Strategy Board and opportunities to secure investment funds from the **Energy Technologies Institute**.

## Welsh connections

Academics from the Welsh School of Architecture and the University of Glamorgan are members of the Smart Cities and Communities Stakeholder Platform, participating, respectively, in working groups on energy efficiency in buildings and on mobility and transport

Cardiff University and Cardiff City Council cooperated on bids for funding under the FP7-SMARTCITIES-2013 call for proposals. Cardiff was one of 30 UK cities to receive domestic funds for a feasibility study to be a Smart Cities Demonstrator, so should be well placed to secure EU Smart Cities funding in future.

## Much stronger urban focus in Structural Funds

For Structural Funds, DG Regio's 2011 report **Cities of Tomorrow: Challenges, Visions, Ways forward** is informative. This indicates the sorts of action and governance approaches that the Commission (on behalf of the broader 'urban policy community') wants to see. Note especially that this document:

- promotes a 'shared vision of European urban development' in which 'all dimensions of sustainable urban development are taken into account in an integrated way';
- takes a 'pragmatic approach' to the definition of 'cities'; the messages are intended to apply not only to the largest cities but also to small and medium sized towns which are seen as having an important role;
- sees cooperation between local authorities – especially trans-nationally using programmes like INTERREG and URBACT - as an essential feature of urban governance; and
- describes 'cities' as 'key to the sustainable development of the EU'. Specifically, they have an essential role in the implementation of Europe 2020 and it is expected that this will be acknowledged in Structural Funds programming.

In October 2011 the European Commission adopted **legislative proposals for Cohesion Policy for the period 2014-2020**<sup>12</sup>. The proposals have a strong urban dimension grounded in the years of past work at European level – involving national governments, local government networks and practitioners and not only the EU Institutions.

These proposals:

- represent a return to a specific focus on urban action (as previously seen in URBAN II, for example) after a period in which there was an attempt to 'mainstream' urban initiatives in regional programmes, widely regarded as not very successful; and
- they include new mechanisms for deployment of the funds primarily based on practical partnership approaches developed in collaboration with 'cities'.

### **Proposed urban dimension for Cohesion Policy 2014-2020**

The Commission has proposed :

- allocation of at least 5 % of resources under the European Regional Development Fund (ERDF) to **sustainable urban development** , including through **Integrated Territorial Investments** (ITI);
- allocation of 400 million Euros (0.2% of the budget) to a new funding stream for Innovative Urban Actions; and
- creation of an Urban Development Platform of 300 'cities' to strengthen dialogue with the European Commission on the urban dimension of cohesion policy.

The intention is to make access to the funds conditional upon local strategies setting out 'integrated actions to tackle economic, environmental, climate and social challenges affecting urban areas'.

The Commission's associated proposals for **Community-led Local Development (CLLD)** are also worth a comment in relation to work on local sustainability. There is an emerging debate within local authority networks on similarities between CLLD – which is mainly based on the LEADER approach familiar to many in Wales – and Local Agenda 21. To some observers, CLLD is nothing less than the 'institutionalisation of Local Agenda 21 in Europe'.

When it comes to preparation of each country's Partnership Contract for the new funding period (in our case the UK Partnership Agreement) and the new Operational Programmes – currently at a crucial stage, including here in Wales – the Commission asks Member States 'to form partnerships with competent regional, local and urban authorities' and to involve them directly in programming and management.

Member States should also identify particular 'cities where integrated sustainable urban development will receive cohesion policy support', and 'in both the Partnership Contract and the Operational Programmes'... 'indicate the cities implementing integrated actions for sustainable urban development with delegated management and which cities they wish to be considered for

participation in the Urban Development Platform'. It is up to the individual countries to decide what they mean by 'cities' – so they could be sub-regional groups of councils, for example. At the very least it seems important to be on these lists.

The proposals for integrated strategies for sustainable urban development and the devolved management of multi-fund packages by local authorities have strong support from the other EU institutions, especially the Committee of the Regions<sup>13</sup>.

Multi-fund packages managed by 'cities' from 2014 might well include EU resources other than Structural Funds, such as those available through the new framework programme for research and innovation **Horizon2020**. The key to accessing these funds is expected to be adoption of a place-based smart specialisation strategy at city level. The European Commission has set up a **Smart Specialisation Platform** as a source of guidance. The Welsh Government is currently drafting a Smart Specialisation Strategy for Wales to inform the Innovation aspects of the future EU Funding Programmes and has consulted widely during the development process.

### **Urban environment back on the agenda**

Finally, DG Environment seems set to recapture its original interest in the urban environment and local sustainability. In its **proposal for an Environment Action Programme to 2020**, one of the nine priority objectives is 'meeting the urban environment challenge' by 'making cities more sustainable'.

It is proposed to give local authorities the opportunity to show 'the green bill of environmental health to their citizens by agreeing on a common set of criteria that can help them assess their environmental performance'. It remains to be seen whether this satisfies the other EU institutions, and in particular the European Parliament which has been calling for something more ambitious<sup>14</sup>.

### 3 Why all this matters for local authorities in Wales

The European agenda for 'sustainable cities' is to a large extent an agenda for local sustainability, relevant for local authorities of all types.

Much progress has been made over the last 20 years, both in understanding the challenges at local level and developing effective ways to address them.

The activities and measures outlined in this paper have all depended upon direct involvement by local elected representatives – especially leaders of 'cities' – and their specialist officers. Local authority members have had opportunities to raise their profile and to demonstrate effective leadership for sustainable development, and these opportunities are expanding.

A raft of EU legislation, awareness-raising measures and funding opportunities for related research, pilot actions, exchange of experience and more general implementation now exists, along with well-established tools for monitoring and review. New and revised measures are under discussion as the EU looks forward to 2020 and beyond.

More systematic engagement with this body of work could help local authorities in Wales to raise their game, although the capacity constraints facing local authorities are fully recognised in this respect.

#### **We could be much better connected**

It is important that practitioners in Wales are aware of just how much is available. EU instruments are generally based on solid research evidence and best practice and intended to raise standards across the board, so when resources are scarce it seems sensible to maximise take-up of whatever is useful in the 'EU toolkit'.

To make the most of the tools at our disposal it helps to understand the purpose of the various initiatives and how they fit together. This is especially true when it comes to funding.

For example:

- To be successful in **competitive calls for tender** (such as in the LIFE+ or Intelligent Energy Europe programmes) it is usually necessary to demonstrate how the proposed project relates to EU policy objectives, or how it represents an advance on current practice. Sometimes it helps to be able to demonstrate existing participation. For example, EMAS registration may help to secure funds for a project on green public procurement. A recent call for clean urban mobility projects in the CIVITAS programme included the advice that applicant local authorities would 'normally be signatories of the Covenant of Mayors on Energy'. (COM signatories are expected to have a sustainable energy action plan covering energy use in all local services, including transport).

- When it comes to **Structural Funds**, innovative schemes piloted in programmes like CIVITAS and CONCERTO should be informing the drafting of new programme priorities, so as to enable large-scale implementation. The Reference Framework for European Sustainable Cities can be used in the preparation of an action plan for sustainable urban development needed to draw down funds.

At the moment, the picture from across Wales is one of very little involvement with these European measures, even though they have been explicitly designed to support local or 'urban' action in line with sustainable development objectives.

For example:

- Despite early interest from Welsh councils in the European Sustainable Cities Campaign, recent approaches to SD here have been developed without reference to the 'Aalborg process'. Lessons from this initiative could inform next steps for SD in Wales, such as any plans to make the Wales Sustainable Development Charter more operational. The new Sustainable Cities Platform offers a means to exchange good practice and to publicise efforts made in Wales.
- No Welsh local authorities are registered for EMAS; none has secured funds for CONCERTO or CIVITAS demonstration projects.
- In 2011 there was no response to direct invitations from DCLG to take part in the funded pilot of the Reference Framework for European Sustainable Cities. Wales was the only part of the UK not to participate, which is disappointing given the emphasis on sustainable development here.
- Although adaptation to the impacts of climate change is high on the agenda, no Welsh local authorities are involved with EU Cities Adapt.
- There have so far been no applications from Wales for the European Green Capital Award.

Good reasons lie behind the lack of involvement. Time constraints are a major factor and, as authorities have downsized, workloads of the key individuals who would need to get involved have increased. When making funding bids there can be a considerable lead-in period before any benefits are realised. Application processes and identification of partners can be time consuming and off-putting, with further bureaucracy associated with record keeping during and after the life of a project. There can also be a perception that participation in European programmes is a 'nice to do' activity of lower order priority than immediate service concerns and pressures. However, none of these is insurmountable. For example, for most funding programmes applicants have access to free support from National Contact Points whose job it is to enable the development of partnerships and efficient completion of successful applications. One of the benefits of participation, as identified above, is that prospects of other European funding improve as a result.

Note, though, that EU connections are not just about funding. Extensive practical guidance is available. Moreover, direct experience of how things are done elsewhere in Europe helps to build local capacity and it can lead to significant improvements 'on the ground'.

There are increasing opportunities to benchmark practice here against what is delivered by local government elsewhere in Europe. As well as helping to identify potential areas for improvement, benchmarking can enable Welsh local authorities to publicise their own achievements in this field.

### **WLGA role**

WLGA is already doing much to raise awareness of relevant European developments and to support the involvement of its members. To make even better use of scarce resources, WLGA could consider, for example:

- using its membership of CEMR to influence and promote European initiatives which support local delivery. For example, CEMR is tasked with promoting take-up of the Reference Framework. WLGA could come to a view on whether this tool is useful for local authorities preparing Single Integrated Plans (which might well become Well Being Plans for sustainable development in the context of the Welsh Government's SD Bill) or in action planning for Structural Funds projects, and consider securing an awareness-raising or training event for Welsh local authorities.
- becoming a regional level 'Coordinator' for the Covenant of Mayors on Energy and
- becoming an associated member of CIVINET UK & Northern Ireland so as to raise awareness of the CIVITAS programme, sources of good practice on transport and EU initiatives for sustainable urban mobility more broadly

All of these suggested actions have resource implications for WLGA and will need to be considered and prioritised in light of competing pressures but they provide examples of how WLGA might further enable local authorities to engage with EU measures designed for their use.

### **The Welsh Government is a gatekeeper & holds some of the keys to action**

The European approaches advocated for sustainable urban development call for practical application of multi-level governance, in which each 'level' of government plays its part. Effective engagement of Welsh local authorities with EU measures to support local sustainability depends to some extent on Welsh Government action to encourage and enable their participation.

Much of the effort at EU level has been directed towards the achievement of coordinated action across different sectors so that joined-up approaches locally are not undermined by 'higher' levels of government. Within the European Commission, different Directorates General increasingly collaborate to ensure that various initiatives impacting upon cities are mutually reinforcing rather than contradictory. In relation to funding, at least, there are now concrete proposals on the table to enable the creation of multi-fund packages to be managed at local level. In England similar thinking characterises the recent work on City Deals in which different government departments pool their efforts – and notably their budgets. There may be lessons here for Wales.

The Welsh Government could usefully identify EU initiatives that can help to support local implementation of policy commitments 'made in Wales' as well as shared European goals.

It might also be helpful for the Welsh Government's strategies to highlight links with the European policy context where relevant. In particular, tools specifically for local authorities could be promoted<sup>15</sup>. For example, both the Climate Change Strategy for Wales and Energy Wales could make explicit reference to the Covenant of Mayors on Energy.

To foster cutting-edge work on local sustainability, EU funding opportunities other than Structural Funds need to be publicised on a Wales-wide basis<sup>16</sup>.

The preparation of Statutory Guidance following the passage of the SD Bill and other Welsh legislation could offer opportunities to encourage local authorities to look further a-field.

### **Structural Funds post 2013**

The first paper on EU connections made the point that in the EU system funding programmes are always designed to deliver policy commitments. The European Commission's proposals for the Structural Funds post 2013 are no exception. This being the case, it is important to ask how well prepared Wales is to respond to the Commission's specific proposals for sustainable urban development, integrated territorial investment and CLLD.

Recognition and understanding of policy for sustainable urban development at European level and ensuring that programmes and projects are aligned with wider policy objectives seem essential to enhance both funding opportunities and practical outcomes. In this respect:

- Progress on city regions, and last year's launch of a grant scheme for improvements to the urban environment in local communities, offer possibilities to develop a 'Welsh approach' to urban sustainability comparable with that promoted by the national ministers from EU countries.

- The UK lead on this agenda at European level is provided by DCLG. Development of close contact with Welsh Government officials or directly with local authorities in Wales would be beneficial (as is the case with Scotland and Northern Ireland).
- In the Welsh Government no minister currently has an explicit 'urban portfolio' and there is no equivalent to the 'cities units' which exist within UK government departments DCLG and Business, Innovation and Skills (BIS).
- The existence of a European agenda for sustainable urban development – with its associated proposals for Structural Funds - needs to be recognised in relation to work such as the **City Regions Final Report**, the Welsh Government's **EU Strategy** and the recent '**Guilford Review**' and in documents setting out the **Welsh Government's proposals for Structural Funds post 2013**.

The European Commission's proposals for the new Structural Funds programmes offer significant opportunities to pursue integrated work on sustainable development at local level.

Welsh cities (or groups of councils) 'ready to implement integrated actions for sustainable urban development with delegated management' or wishing to be put forward as candidates for the new Urban Development Platform could usefully be identified.

This is taking place elsewhere in the UK, where there is both observable 'positioning' of urban areas so as to take full advantage of the EU funds and full involvement of local government in the design of the new programmes<sup>17</sup>.

Whether or not city councils or sub-regional consortia of local authorities are empowered to manage their own multi-fund EU pots will substantially depend upon the treatment of the Commission's proposals for ITI and lists of 'cities' in the UK's Partnership Agreement, currently in preparation. The Scottish, Welsh and Northern Irish administrations are drafting their own 'chapters' of this Agreement, so arrangements for ITI may well be different for different parts of the UK. Some of the largest cities in England – such as Greater Manchester - are already making proposals.

As regards Territorial Cooperation, take-up of the current programmes has been patchy. For example, there has been little Welsh participation in the URBACT programme which has actively promoted Community-led Local Development by requiring every partner in a project to set up a Local Action Group and to prepare a Local Action Plan.

Collaborative working with partners in other European countries features strongly in the EU approaches to sustainable urban development and local sustainability. Cooperation is regarded as a part of 'good governance', and

the Territorial Cooperation programmes, in particular, are available to support this. Up to now the emphasis in Wales has tended to be on the much larger resources available through Objective 1 and 2 and their successor programmes.

Formal consultation on the draft operational programmes for Territorial Cooperation applying to Wales is expected shortly. It will be important for local authorities to respond so as to ensure that opportunities remain for collaborative work with international partners on topics at the heart of the SD agenda.

For the future, more could be done to promote the benefits of partnership working with local authorities elsewhere in Europe, to publicise the resources available and to support take-up across Wales.

### **In conclusion.....**

After 20 years of collaboration at European level, during which local sustainability approaches have become firmly embedded in mainstream EU thinking, many challenges remain. In particular, it is still not always easy to demonstrate that integrated approaches to local sustainability – as exemplified by the 'Aalborg process' and increasingly demanded in mainstream EU funding programmes – actually result in measurable improvements 'on the ground' in terms of environmental, social and economic performance. In Wales, similar questions surround the passage of the SD Bill, with its requirement for all public bodies to make sustainable development their 'central organising principle'. Wales will shortly have a chance to demonstrate that integrated approaches to SD really work, providing local authorities with a solid foundation for making smarter use of these EU connections in the future.

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<sup>1</sup> European Commission (2009) *Promoting Sustainable Urban Development in Europe: Achievements and Opportunities* DG Regional Policy  
[http://ec.europa.eu/regional\\_policy/sources/docgener/presenta/urban2009/urban2009\\_en.pdf](http://ec.europa.eu/regional_policy/sources/docgener/presenta/urban2009/urban2009_en.pdf)

<sup>2</sup> Only the 1996 version is available on line.

<sup>3</sup> Although Commission funding for the Campaign ceased in 2004 it was still well-regarded at European level, as this extract from the 2006 EU SD Strategy shows:

29. With regard to the important role of local and regional levels in delivering sustainable development and building up social capital, it is the overall aim to build sustainable communities in urban and rural areas where citizens live and work and jointly create a high quality of life. Approaches like Local Agenda 21 and other processes with broad public participation must be further strengthened and promoted. Municipalities, cities and towns should be invited to sign and implement the **Aalborg Commitments**. Networks at different levels should support these activities.

30. In this connection the Commission is invited to elaborate possible options of how to promote the “**European Sustainable Cities & Towns Campaign**” which provides an exchange of good practice including the elaboration of quality criteria, indicators and instruments like impact assessment. The best sustainable development initiatives taken by regional and local authorities will be awarded prizes on an annual basis. The Commission will invite proposals from other EU institutions and organisations on how best to organise this.

The 2007 Review of the EU SDS continued to highlight the Campaign.

<sup>4</sup> Explained in Paper 1.

<sup>5</sup> Contact details : 0131 469 3804 [sustainability@edinburgh.gov.uk](mailto:sustainability@edinburgh.gov.uk)

<sup>6</sup> Other programmes, such as **CULTURE** and **Europe for Citizens**, also offer some scope, but they tend not to be first choices for the ‘SD community’.

<sup>7</sup> Information on a range of different management systems and standards is available on <http://ew.eea.europa.eu/ManagementConcepts>

<sup>8</sup> Further practical guidance on the development of integrated management approaches for urban sustainability and links to EU policy – especially environmental Directives in fields such as air quality, waste management, water and noise - can be found in the European Environment Agency’s 2009 publication **Ensuring Quality of Life in Europe’s Cities and Towns**

<sup>9</sup> See also European Commission (2010) *Making our cities attractive and sustainable: how the EU contributes to improving the urban environment*, p. 23

<sup>10</sup> Covered in Paper 1

<sup>11</sup> Further WLGA briefing on European connections for green public procurement will shortly be available.

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<sup>12</sup> WLGA briefing is available at <http://www.wlga.gov.uk/english/cohesion-and-regional-policy/>

<sup>13</sup> See for example the **Opinion on Environmentally and Socially Sustainable Cities** adopted by the COTER commission of the Committee of the Regions in July 2012.

<sup>14</sup> See for example their Resolution of 20 April 2012 on the review of the 6<sup>th</sup> Environment Action Programme and the setting of priorities for the 7<sup>th</sup> Environment Action Programme – A better environment for a better life.

<sup>15</sup> An omission pointed out by the former European and External Affairs Committee of the National Assembly for Wales in their 2011 report on [Welsh participation in EU research, innovation and lifelong learning programmes](#).

<sup>16</sup> As recommended by the former European and External Affairs Committee of the National Assembly for Wales in [Welsh participation in EU research, innovation and lifelong learning programmes](#).

<sup>17</sup> In England, new funding arrangements for large urban areas are proceeding from the so-called [Heseltine Review](#). This explicitly called for mechanisms to enable effective future matching between domestic sources and EU Structural Funds. Revised arrangements for local funding via a ‘single pot’ (the Single Local Growth Fund, due to be created in April 2015), which brings together budgets from several different government departments, are intentionally aligned with EU proposals for the creation of multi-fund programmes managed at local level. There will be an enhanced role for Local Enterprise Partnerships (LEPs) which will devise their own strategic plans as the basis for bids from the ‘single pot’ for funding for a 5 year period. However, it currently seems unlikely that local authorities in England will have devolved responsibility for management of the EU funds. It is expected that national government will make local allocations from the Common Strategic Framework aligned with the plans led by LEPs. It remains to be seen how alignment between UK policy goals and the Europe 2020 policy agenda so fundamental to Structural Funds programming will be engineered.

## Enterprise and Business Committee 20 March 2014

### EU Funding Opportunities 2014-2020

#### Evidence Paper

#### Introduction

1. This paper provides an overview of EU funding opportunities available during the period 2014 – 2020 through European Territorial Co-operation (ETC) Programmes and through programmes which are managed directly by the European Commission, including Connecting Europe, COSME, Creative Europe Erasmus+, EaSI and LIFE. It does not cover the European Structural and Investment programmes or the CAP. Nor does it cover Horizon 2020 which has been the subject of a separate enquiry by the Committee.
2. The Welsh Government seeks to maximise engagement with all EU funded programmes as a means of supporting sustainable economic growth and jobs. Collectively these programmes make an important contribution to our economic development goals by supporting small businesses, increasing skills, promoting innovation and improving connectivity. In addition, ETC programmes help us to work in partnership with and learn from other regions in better understanding and addressing common economic, environmental and social challenges.
3. Together these ETC and directly managed programmes will invest over €57bn across the EU during the 2014 and 2020 funding period. The opportunities presented are considered in this paper, with more detailed information on the financial aspects presented in Annexes A and B.

#### ETC Programmes in Wales

##### 2007-2013 Programmes

4. Current ETC Programmes are investing around €1.4 billion, including €885m ERDF across the EU. This includes cross border, transnational and interregional programmes.
5. Wales has been involved in five programmes during the 2007-2013 funding period;
  - Ireland Wales (Cross-border)
  - Atlantic Area (Transnational)
  - North-West Europe (Transnational)

- Interreg IVC (Interregional)
  - URBACT (Interregional)
6. Welsh partners are engaged in 89 ETC projects worth some €146m in ERDF grant, of which €41.5m directly benefits Welsh partners. A summary is attached as Annex A.
  7. Examples of project activity supported by these programmes includes SME clustering, knowledge transfer in the marine economy, environmental conservation and risk prevention, climate change adaptation, sustainable urban development networks, development of renewable energies and community and social enterprise exchange.

### **2014-2020 Programmes**

8. Following our agreement with the Irish Government in November 2013, WEFO, acting on behalf of the Welsh Government, will assume the role of Managing Authority (MA) for the 2014-2020 Ireland/Wales programme. Preparation of the Operational Programme is now underway in partnership with the Irish Government and our partners in the Southern and Eastern Regional Assembly. Given the maritime nature of the boundary between Ireland and Wales, there will be a strong focus on the Irish Sea – managing, protecting and maximising the economic potential of this shared resource. The programme will also promote business competitiveness and innovation in both countries.
9. We are also working with the UK Government (Department for Communities and Local Government) and the other Devolved Administrations through the UK ETC Board to maximise our interests in the successor 2014-2020 ETC programmes. My officials are drawing on the expertise of an ETC Workstream in Wales and working closely with other EU Member States and regions to influence the architecture, content and delivery of the 2014-2020 programmes through direct engagement on the various Programme planning groups set up to plan and prepare the Atlantic Area, North-West Europe and EU28 Interreg Europe programmes. A reflection exercise was also undertaken in Winter 2011-12 providing stakeholders with an early opportunity to comment on the strategic direction and future investment priorities for the 2014 -2020 Structural Fund Programmes, including the ETC Programmes.
10. The Welsh Government expects all ETC programmes to have a stronger economic focus. The priority is jobs and growth, achieving maximum impact by building on and complementing other EU funding mechanisms, and drawing benefits from co-operation with other EU regions.

11. Public consultations on the Ireland/Wales cross-border and transnational programmes will take place throughout Spring and Summer 2014. The Interreg Europe (EU 28 programme) has been open for public consultation from 10 January until 21 March 2014.<sup>1</sup> All programmes will be submitted to the European Commission by mid September 2014.

### **Financial allocation for the 2014-2020 programmes**

12. The UK has received an allocation of circa €600m (excluding a pre-determined amount for the Northern Ireland/Ireland PEACE programme) in ERDF (at 2011 prices) for allocation to the ETC programmes in which it will engage in 2014-2020. This is an increase of circa €38m from 2007-2013.<sup>2</sup>
13. The amount for each programme is being negotiated at UK level and a final decision is expected imminently. It is anticipated that the allocations for each of the programme categories will remain broadly on a par with the 2007-2013 programme period.

### **Other EU funding programmes**

14. The European programmes delivered through “direct management” encompass a wide range of funding streams. The programmes aim to further the interests of the EU or contribute to the implementation of EU programmes or policies and many require transnational partnership or co-operation. In contrast to the EU programmes delivered through “shared management” such as the Structural Funds and CAP Programmes, the programmes are not generally targeted at specific regions but are open to competition from across the EU. It is therefore imperative that organisations in Wales are able to exploit the full potential of these opportunities.
15. The programmes of particular relevance to Wales are Connecting Europe, COSME, Creative Europe Erasmus+, EaSI and LIFE.
16. Coupled with the significant opportunities under the Horizon 2020 programme, the programmes can make a vital contribution to our economic development goals by supporting small businesses, promoting innovation and improving transport links.
  - The *Connecting Europe* has a significant €33bn budget to support the development of trans-European networks in the field of energy, telecommunications and transport. Much of the budget is targeted at

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<sup>1</sup> The consultation can be found on the following website. <http://www.interreg4c.eu/interreg-europe/public-consultation/>

<sup>2</sup> Based on figures from the UK Government Department for Business, Innovation and Skills.

improving infrastructure in Cohesion countries but Network Rail has been successful in the past in accessing €11 million for its Great Western Electrification project and Wales has benefited from a pan-European Intelligent Transport System for roads. The Economy, Science and Transport Department has the policy lead on this programme within the Welsh Government.

- The €2bn *COSME* programme includes actions to improve access to finance for SMEs, and access to markets. The Enterprise Europe Network in Wales is delivered by BIC Innovation and Swansea University. The Economy, Science and Transport Department has the policy lead on this programme within the Welsh Government.
- *Creative Europe*, a €1.5bn programme to encourage the cultural and creative sectors to make the most of the Single Market and reach audiences in other countries. Welsh companies have secured €2.5m from the 2007-13 *MEDIA* programme which will now form part of the Creative Europe programme for 2014-2020. The Economy, Science and Transport Department has the policy lead on this programme within the Welsh Government.

17. Welsh students have benefited significantly from the EU's education and skills programmes.

- The *ERASMUS+* 2014-2020 €15bn programme includes actions to support the learning mobility of individuals and co-operation for innovation and exchange of good practices. The Department for Education and Skills has the policy lead on this programme within the Welsh Government and plays an active role in an Advisory Group advising on ways of maximising take-up of the funds in Wales.
- *EaSI* is a new €815m programme which helps to improve employment and social policies, assists with worker mobility and includes a Microfinance Facility. The Department for Education and Skills has the policy lead on this programme within the Welsh Government.

18. There is also significant scope to support the protection of Wales' natural resources. The new *LIFE* programme (€3.5bn) supports resource efficiency, nature, biodiversity and climate change mitigation and adaption measures. Wales has benefited from a number of projects, delivered by Natural Resources Wales under the predecessor programme to restore the Anglesey and Llŷn Fens (€2.7m grant) and restoration of Natura 2000 in Wales (€655k grant). The Department for Natural Resources and Food has the policy lead on this programme within the Welsh Government.

## Support mechanisms to access funding

19. The EU's EUROPA website<sup>3</sup> contains comprehensive information on EU Programmes including the directly managed programmes. The EU also utilises a number of partner organisations to facilitate the sharing of information and advice on applications for funding. In Wales they include the **Enterprise Europe Network which** helps organisations develop by providing advice and support for innovation and transnational technology development, and the Europe Direct Information Centres. Many Welsh organisations, such as Local Authorities and Higher Education Institutions, also employ European Officers to facilitate access to EU funds.
20. The Welsh Government has an interest in ensuring that Welsh organisations and individuals benefit fully from these funds. The Welsh Government's website includes signposting to the primary sources of funding programmes and as well as the actions described above, the Department for Economy Science and Transport hosts the MEDIA Antenna Desk for Wales.

## **ETC Strategy**

21. In the 2011 report by the European and External Affairs Committee's on 'Welsh participation in EU research, innovation and life-long learning programmes' the following recommendation was made in relation to ETC:

'Recommendation 9: The Welsh Government to review its Territorial Cooperation Strategy and explore the scope for partnerships on funded projects, especially with those cities and regions for which there are existing working arrangements, including through Memoranda of Understanding and Twinning.'

The Territorial Co-operation strategy is due to be reviewed and revised following the publication of a Territorial Co-operation Scoping study for the period 2007-2013. The scoping study was commissioned by WEFO to help inform development of the new ETC programmes and will be published in the next couple of months. An updated ETC strategy will take account of Scoping Study findings which are already being used to inform the development of the 2014-2020 suite of ETC programmes.

## **EU Funding in Welsh Government Budgets**

22. Each department plans its own projects for which they hope to receive EU support. In planning any given financial year, much of that support will have been secured already, as many projects run over several years. For 2014/15 Welsh Government departments will be planning for their own expenditure to be complemented by EU funds from both the 2007 – 2013 round and from the new 2014 – 2020 round (both the funds under administration by Managing Authorities in Wales and those managed directly by the Commission).

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<sup>3</sup> [www.europa.eu](http://www.europa.eu)

23. Under the regulations, projects can continue to spend into 2015 and a number of Welsh Government projects are approved to do so. This allows a period of overlap with the new programmes, so departments are working up proposals now for key operations in the next round with a view to having them approved during 2014. This will help to maintain certainty and continuity of delivery where activities in the new round are close to those being delivered at present

## Annex A

### ETC Programmes in Wales 2007-2013

|  | Total Programme Value / € | Total Programme ERDF Value / € | No. Approved Projects with Welsh partners | Total project costs / € | Total ERDF Grant / € | Total Welsh Costs / € | Total Welsh ERDF / € |
|--|---------------------------|--------------------------------|---|-------------------------|----------------------|-----------------------|----------------------|
| <b>Ireland Wales Cross-border</b>      | 70,260,394                | 52,695,295                     | 41  | 68,336,179              | 49,023,050           | 37,096,481            | 26,315,406           |
| <b>Atlantic Area Transnational</b>     | 158,798,190               | 104,051,233                    | 17  | 38,315,275              | 24,904,879           | 7,220,265             | 4,620,350            |
| <b>North West Europe Transnational</b> | 696,668,854               | 355,443,293                    | 16  | 110,774,391             | 55,065,224           | 17,166,091            | 8,583,045            |
| <b>Interreg VC Interregional</b>       | 405,094,936               | 321,321,762                    | 13  | 23,357,799              | 18,364,756           | 2,774,582             | 2,080,936            |
| <b>URBACT Interregional</b>            | 68,890,739                | 53,319,170                     | 2   | 651,410                 | 482,797              | 12,500                | 10,000               |
|  | <b>1,399,713,113</b>      | <b>886,830,753</b>             | <b>89</b>                                 | <b>241,435,054</b>      | <b>147,840,706</b>   | <b>64,269,919</b>     | <b>41,609,737</b>    |

## Annex B

### Other EU Programmes

| EU budget (current prices)   | Objectives   | Application process/ support   |
|--|--|--|
| <b>Connecting Europe</b>   |  |  |
| <p>€33.3bn in total</p> <p>€1.1bn for digital</p> <p>€26.3bn for transport<br/>(€11.3bn ring-fenced for Cohesion countries) (80-85% for core network, 10-15% for innovative finance and 5% for Comprehensive network)</p> <p>€5.9bn for energy</p> | <p>Supporting the development of trans-European networks in the field of energy, telecommunications and transport.</p> | <p><b>The Innovation and Networks Executive Agency (INEA) announces work programmes and then calls for annual and multi annual proposals.</b></p> <p><a href="http://inea.ec.europa.eu/en/home">http://inea.ec.europa.eu/en/home</a></p> |
| COSME  |  |  |

|  |   |  |
|--|---|--|
| <p>€2.298 billion in total</p> <p>€1.4 billion for loans and venture capital</p> | <p>1) access to finance for SMEs, though a) loan guarantee facility and b) equity facility</p> <p>2) access to markets, inside the Union but also at global level (facilitated by the Enterprise Europe Network),</p> <p>3) framework conditions for businesses through improved policy , and</p> <p>4) entrepreneurship and entrepreneurial culture – exchange of good practices</p> | <p>SMEs can gain information on participating intermediaries through a finance portal</p> <p><a href="http://access2eufinance.ec.europa.eu">http://access2eufinance.ec.europa.eu</a></p> <p>Enterprise Europe Network Wales is run by BIC Innovation Ltd and Swansea University</p> <p><a href="http://www.enterpriseeurope.wales.org.uk/wlx/">http://www.enterpriseeurope.wales.org.uk/wlx/</a></p> |
| <p>CREATIVE EUROPE</p>   |   |  |
| <p>€1.463bn</p>  | <p>To encourage the cultural and creative sectors to make the most of the Single Market and reach audiences in other countries. Has two sub-programmes</p> <p>1) Culture, supporting performing and visual arts, heritage</p> <p>2) MEDIA, providing funding for the cinema and audio-visual sector.</p>  | <p>The European Commission's Education, Audiovisual &amp; Culture Executive Agency calls for proposals.</p> <p>Assistance is available from the MEDIA Antenna Desk based within EST.</p> <p><a href="http://www.mediadeskuk.eu">www.mediadeskuk.eu</a></p> <p>And British Council for the Culture sub-programme</p> <p><a href="http://www.culturefund.eu/">http://www.culturefund.eu/</a></p>       |
| <p>EaSI</p>  |   |  |

|   |   |   |
|---|---|---|
| <p>€815m</p> <p>61% for Progress</p> <p>18% for EURES</p> <p>21% for Microfinance and Social Entrepreneurship</p> | <p>Three elements:</p> <p>Progress (Programme for Employment and Social Solidarity) helps to improve policies in employment, social inclusion and poverty protection, and working conditions</p> <p>EURES (European Employment Services) and</p> <p>Progress Microfinance Facility and Social Entrepreneurship.</p>   | <p>Progress calls for tenders or proposals (DWP are national contacts)</p> <p>EURES calls for tenders or proposals</p> <p>Unemployed can access microfinance through approved providers. Currently none cover Wales.</p>  |
| <p>ERASMUS+</p>   |   |   |
| <p>€14.775bn</p>  | <p>1) Learning mobility of individuals</p> <p>2) Cooperation for innovation and exchange of good practices</p> <p>3) Support for policy reform</p> <p>Contribute towards:</p> <ul style="list-style-type: none"> <li>• Raising higher education attainment from 32% to 40%</li> <li>• Reducing the share of early school leavers from 14% to less than 10%</li> </ul> | <p>National Agencies (British Council and Ecorys in the UK) facilitate the coordinated management and calls for applications for 85% of the funding available.</p> <p><a href="http://www.erasmusplus.org.uk/">http://www.erasmusplus.org.uk/</a></p> <p>The European Commission's Education, Audiovisual &amp; Culture Executive Agency calls for proposals for the remaining 15%.</p> |
| <p>LIFE</p>   |   |   |

|                 |  |   |
|-----------------|--|---|
| <p>€3.457bn</p> | <p>Has two sub-programmes</p> <p>1) environment, covering: environment and resource efficiency; nature and biodiversity; and environmental governance and information;</p> <p>2) Climate Action, covering: climate change mitigation; climate change adaptation; and climate governance and information.</p> | <p>BetaEurope acts as a UK National Contact Point service for LIFE+ on behalf of Defra and the Food Standards Agency.</p> |
|-----------------|--|---|

# Agenda Item 8

## **Enterprise and Business Committee 20 March 2014**

### **Update on EU Structural Funds 2014-2020 from Jane Hutt AM, Minister for Finance**

#### **Evidence Paper**

#### **Introduction**

1. This paper provides an update to the Committee on the development of EU Structural Funds programmes for 2014-2020.
2. These programmes will support sustainable economic growth and jobs in line with Europe 2020 and our Programme for Government.
3. The development of the programmes has reached an advanced stage and we are now in a position to formally submit them to the European Commission. We cannot do so, however, until the formal submission of the UK Partnership Agreement has taken place.

#### **Structural Funds Legislative Package**

4. The EU legislative package was adopted in December 2013, which means that the European Commission is now able to formally receive Partnership Agreements and programme proposals from Member States.
5. Once formally submitted, the European Commission will be able to assess and negotiate the Partnership Agreements and Operational Programmes so that regions, including Wales, can begin to make investment decisions as early as possible in 2014.
6. The Welsh Government has been a major contributor, through the UK Permanent representation to the EU, in the development of the draft legislative package to help achieve our goals for simplification and integration of the European Structural and Investment Funds<sup>1</sup> to maximise impact.
7. I speak regularly with the UK Minister for Business and Enterprise and the UK Minister for Europe to monitor developments and make clear Welsh priorities and also with our Welsh MEPs, who have been particularly influential in this phase of negotiations in the European Parliament. I am keen to engage directly with the European Commission to emphasise the benefits of EU Structural Funds to the people of Wales: last month I met with László Andor, the European Commissioner for Employment, Social Affairs and Inclusion, to showcase our ESF projects; and later this month I will be meeting with Commissioner Hahn, European Commissioner for

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<sup>1</sup> The European Structural and Investment Funds as they relate to Wales are the European Regional Development Fund, the European Social Fund, European Agricultural Fund for Rural Development and the European Maritime and Fisheries Fund.

Regional Policy. Earlier this month I met with the United Kingdom Permanent Representation to the European Union (UKRep) to discuss progress with the development of the 2014-2020 programmes.

### **UK Partnership Agreement**

8. The Department for Business Innovation and Skills (BIS) is leading on preparation of the UK Partnership Agreement. Completion of the document has been delayed by a number of factors, including a slower timetable for developing both the Rural and Structural Fund programmes in England. These delays have, in part, resulted from the need for BIS to consult with the new Local Enterprise Partnerships, which are to administer the funds in England, many of which are still at a formative stage.
9. Additionally, last year a legal challenge was made by Liverpool and Sheffield City Regions over the allocation of Structural Funds in England which led to an injunction preventing BIS from declaring the proposed UK financial allocations to the Commission (a key requirement of the Partnership Agreement).
10. The case was considered by the High Court at the end of January, with the Court ruling that the challenge had failed on all substantive grounds. However, the Government's decisions on the allocation of Structural Funds across the UK were quashed in relation to what was held to be a breach of the Public Sector Equality Duty as part of the decision making process. This has required BIS to revisit its Equality Impact Assessment. It is understood that both the regions involved in bringing the case are appealing against the High Court ruling.
11. Separately, a failure in Northern Ireland to register a transfer of resources from Pillar 1 (single farm payments) to Pillar 2 (Rural Development Programme) of the EAFRD programme has meant that the Northern Ireland devolved administration has been unable to finalise any related investment proposals: with this detail required for completion of the UK Partnership Agreement. The absence of this detail could result in the Partnership Agreement being ruled inadmissible by the European Commission. Northern Ireland and UKREP officials are currently exploring potential options to overcome this problem with the Commission.
12. A draft of the UK Partnership Agreement was presented to the EC for informal inter-service consultation in November 2013. Informal feedback received on 20 December highlighted issues across all chapters. Most significantly, the EC considered that the English chapter required further development in terms of the clarification and justification of the proposed investments (including rural proposals) and they wished to see the UK chapter presenting a more rounded, coherent picture.

13. The Welsh chapter was endorsed by Cabinet last September and published on the WEFO website in November 2013. It has been generally well received by the Commission, with no major issues raised in the informal inter-service consultation feedback provided by the Commission in December. As expected, the Commission have further challenged us over our proposed investment in ICT and transport infrastructure; we continue to work across Government to make the case for these investments to EC officials.

### **Development of the Operational Programmes**

14. At the same time as publication of the draft Welsh Chapter of the Partnership Agreement in November we published the draft programme proposals (the "Operational Programmes") on the WEFO website. Despite these being drafts and still subject to negotiation I felt it important to give our partners across Wales as much time as possible for planning and developing future investment proposals, particularly given delays in the negotiation of regulations and submission of the UK Partnership Agreement. My officials continue to work on these drafts to address feedback from the European Commission and in the light of final comments from the independent Ex-Ante evaluators.

15. The delay over submission of the UK Partnership Agreement impacts on our ability to formally submit our Operational Programmes and enter into formal negotiations with the EC. My officials have been working closely with the Commission on an informal basis with the intention of shortening formal negotiations accordingly. The latest detailed feedback from the Commission received in February indicates that our proposals have generally been well received and that we are well ahead of our UK counterparts.

16. We are in a position where we will be able to formally submit our Operational Programmes at the same time as the UK Partnership Agreement. Given the positive discussions to date we are hopeful for a relatively short negotiation period on our programmes, but cannot have formally approved Operational Programmes until the UK Partnership Agreement is formally approved.

### **Timetable**

17. The prolonged work involved in addressing the Commission comments and in reviewing financial allocations, as a result of the Judicial Review, has led BIS to propose a revised timetable for submission of the UK Partnership Agreement of early April 2014.

18. WEFO officials are part of the UK drafting group and continue to work closely with BIS to ensure that this timetable is achieved, including leading on the development of the UK Performance Framework. However, given the outstanding issues highlighted above, concerns remain that there is

potential it could slip further towards the regulatory deadline for submission of 22 April 2014.

### **Implementation arrangements**

19. WEFO is currently finalising implementation arrangements for the 2014-2020 European Structural Funds programmes. I am keen to see as much simplification and integration as possible and two key developments I would like to report on are:

- delivering the recommendations of the Guilford Review; and
- the establishment of a single Wales Programme Monitoring Committee (PMC) for the Structural and Investment Funds.

20. Synergies and links between Structural Funds and other EU Programmes managed directly by the Commission are also very important. The Welsh Government is actively exploring these Programmes with a view to further exploiting opportunities and benefits and increasing their profile within Wales.

21. Wales was one of the first regions to launch Horizon 2020 programme in a high profile event on 13 November 2013. This successor programme to the Seventh Framework Programme (or FP7) will be worth around £65 billion across the EU and WEFO has established a specific unit aimed at providing support and guidance on opportunities provided under this programme.

### Guilford Review of Implementation Arrangements

22. Dr Guilford's review supported WEFO's change to a simplified, more strategic delivery model and noted that the experience and knowledge gained operationally in moving to this more strategic approach has provided a secure base upon which to build future programme delivery. The Welsh Government has accepted the fourteen recommendations set out in the Review.

23. Dr Guilford's central recommendation is for WEFO to develop an Economic Prioritisation Framework across the European Structural and Investment Funds to secure greater focus and concentration in the use of the Funds. The Framework will support the prioritisation of projects which clearly align with key opportunities for economic growth and which add value to existing public and private sector investment programmes.

24. The first iteration of the Framework was published in November 2013, alongside the draft Welsh chapter of the Partnership Agreement and draft Welsh Operational Programmes. WEFO officials continue to work with Welsh Government policy departments and key stakeholders to further refine the Framework; an updated iteration is to be published in March. The Framework is a live document which will be updated throughout the programme period to reflect changes to the economic and strategic environments, emerging economic opportunities and progress made on the implementation of the programmes.
25. WEFO is preparing a detailed suite of guidance relating to implementation of the 2014-2020 Structural Funds in liaison with partners, including the newly established shadow Programme Monitoring Committee (see below). This will address many of the remaining recommendations from the Guilford review and will be made available in March in draft form.

#### The new Wales Programme Monitoring Committee

26. The new Wales ESI Programme Monitoring Committee was established in late 2013 and has met twice to date in shadow form pending agreement of the new programmes, in December 2013 and February 2014. It provides for a more holistic assessment of the impact and effectiveness of the funds set against the new Economic Prioritisation Framework and monitoring information recommended by Dr Guilford.
27. The PMC has already examined the proposed assessment criteria to be used by the programme authorities to select individual projects to be supported by the EU funds. In due course, formal agreement of the criteria will enable early decisions to be made on the approval of the first EU projects as soon as the new programmes are agreed by the European Commission.
28. The composition of the PMC and the recruitment processes were designed to achieve strong private sector representation, gender balance, geographic coverage from all regions, and knowledge of all three EU funds. Over a third of the Committee (35%) represents business and enterprise or, in the case of public appointees who are not representing others, have private sector expertise. Private sector representation is diverse, covering general commerce, rural and farming businesses, employees in private sector organisations, and social enterprises. **Annex A** shows the membership of the PMC.

## Wales PMC Membership 2014-2020

|  |  |
|--|--|
| <b>Chair</b>   |  |
| Assembly Member, appointed by the First Minister   | <b>Jenny Rathbone AM</b>   |
| <b>National, regional, urban /city-region/ local authorities and groups</b>  |  |
| <b>Local Government</b><br><i>Nominations from the Welsh Local Government Association.</i>   | <b>Cllr Bob Wellington</b><br><b>Cllr Ronnie Hughes</b>  |
| <b>Welsh Government</b><br><i>Main recipients of EU funds</i>  | <b>Cath Jenkins (DfES)</b><br><b>Marcella Maxwell (DEST)</b><br><b>Matthew Quinn (Sustainable Futures)</b>   |
| <b>Local Action Groups</b><br><i>LEADER/ Community-Led Local Development</i>   | <i>To be nominated once the 2014-2020 RDP LEADER application and designation process is complete.</i>  |
| <b>UK Government (public employment services)</b><br><i>Department for Work and Pensions, JobCentre Plus</i>   | <b>Jocelyn Llewelyn</b><br>Nomination from JobCentre Plus  |
| <b>Economic and Social Partners</b>  |  |
| <b>BUSINESS AND ENTERPRISE</b>   |  |
| <b>Representatives of business and enterprise</b><br><i>Trade Unions, professional or trade associations: representing Commercial private enterprise</i> | <b>Ann Beynon <sup>1</sup></b><br><b>Iestyn Davies <sup>1</sup></b><br><b>Margaret Thomas <sup>2</sup></b><br><b>Martin Mansfield <sup>2</sup></b><br><b>Tom Whyatt <sup>3</sup></b><br><br><sup>1</sup> Nominations from Wales Social Partners Unit/ Commerce Cymru<br><sup>2</sup> Nominations from TUC Cymru<br><sup>3</sup> Nomination from Industry Wales |
| <b>Representatives of farming and rural businesses</b><br><i>Farming Unions, professional or trade associations: representing Rural, farming,</i>        | <b>Rhian Nowell-Phillips <sup>1</sup></b><br><br><b>Karen Anthony <sup>2</sup></b>   |

|  |   |
|--|---|
| <i>food enterprises</i>  | <p><sup>1</sup> Joint nomination from NFU Cymru &amp; FUW.</p> <p><sup>2</sup> Nomination from CLA Wales, representing the rural economy</p>  |
| <p><b>Third sector business and enterprise</b></p> <p><i>Social economy, social enterprises, mutuals, co-operatives, credit unions etc.</i></p>            | <p><b>Derek Walker</b></p> <p>Nomination from Wales Cooperative Centre</p>  |
| <b>EDUCATIONAL INSTITUTIONS</b>  |   |
| <b>Further Education</b>   | <p><b>Gregg Walker</b></p> <p>Nominated by Colleges Wales</p>   |
| <b>Higher Education</b>  | <p><b>Dr David Blaney</b> <sup>1</sup></p> <p><b>April McMahon</b> <sup>2</sup></p> <p><sup>1</sup> Nomination from Higher Education Funding Council for Wales</p> <p><sup>2</sup> Nomination from Higher Education Wales</p> |
| <b>THIRD SECTOR</b>  |   |
| <p><b>Third Sector</b></p> <p><i>Other than social enterprises</i></p>   | <p><b>Phil Fiander</b></p> <p>Nomination from Wales Council for Voluntary Action</p>  |
| <b>Representatives of civil society, environmental and equality bodies</b>   |   |
| <p><b>Public Appointments</b></p> <p><i>Open competition, appointments on merit (individual expertise – not representing a sector or organisation)</i></p> | <p><b>David (Dai) Davies</b></p> <p><b>Prof. Richard B Davies</b></p> <p><b>Dr Grahame Guilford</b></p> <p><b>Joy Kent</b></p> <p><b>Sian Price</b></p> <p><b>Beth Winkley</b></p>  |
| <p><b>Environmental sustainability</b></p> <p><i>Statutory bodies</i></p>  | <p><b>Rhian Jardine</b></p> <p>Nomination from Natural Resources Wales</p>  |
| <p><b>Environmental NGOs</b></p> <p>Focus, although not necessarily exclusively, on RDP agri-environment-climate measures</p>                              | <p><b>Arfon Williams</b></p> <p>Joint nomination from RSPB Cymru and Wales Environment Link</p>   |

## Enterprise and Business Committee

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Meeting Venue: **Committee Room 3 – Senedd**

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Meeting date: **Wednesday, 12 March 2014**

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Meeting time: **09.02 – 12.30**

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This meeting can be viewed on Senedd TV at:

[www.senedd.tv/archiveplayer.jsf?v=en\\_400000\\_12\\_03\\_2014&t=0&l=en](http://www.senedd.tv/archiveplayer.jsf?v=en_400000_12_03_2014&t=0&l=en)

Cynulliad  
Cenedlaethol  
Cymru

National  
Assembly for  
Wales



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### Concise Minutes:

#### Assembly Members:

**William Graham (Chair)**  
**Mick Antoniw**  
**Keith Davies**  
**Dafydd Elis-Thomas**  
**Rhun ap Iorwerth**  
**Julie James**  
**Joyce Watson**

#### Witnesses:

**Jessica Blair, Institute of Welsh Affairs**  
**Barbara Burchell, Community Development Service,  
Conwy County Borough Council**  
**Filippo Compagni, Powys County Council**  
**Professor Russell Deacon, Coleg Gwent**  
**Lowri Gwilym, Welsh Local Government Association**  
**Sharron Lusher, Pembrokeshire College**  
**Helen Morgan, West Wales European Centre,  
Carmarthenshire County Council**  
**Simon Stewart, Glyndwr University and Connect Cymru**  
**Sharon Thomas, ECTARC**  
**Helen Wales, UNA Exchange**  
**Dr Greg Walker, CollegesWales**

## TRANSCRIPT

View the [meeting transcript](#).

### 1 Introductions, apologies and substitutions

1.1 Apologies were received from David Rees AM and Eluned Parrott AM.

### 2 Inquiry into EU funding opportunities 2014–2020 (session 1) (09.20–09.50)

2.1. The Committee took evidence from Professor Russell Deacon, Lecturer in History and Politics, Coleg Gwent.

### 3 Inquiry into EU funding opportunities 2014–2020 (session 2) (09.50–10.40)

3.1. The Committee took evidence from Dr Greg Walker, Deputy Chief Executive, ColegauCymru; Sharron Lusher, Principal, Pembrokeshire College; Sharon Thomas, Executive Director, ECTARC and Jessica Blair, Policy Analyst, Institute of Welsh Affairs.

### 4 Inquiry into EU funding opportunities 2014–2020 (session 3) (10.55–11.25)

4.1. The Committee took evidence from Simon Stewart, Senior Lecturer, Glyndwr University and Connect Cymru Committee Member and Helen Wales, Director, UNA Exchange.

### 5 Inquiry into EU funding opportunities 2014–2020 (session 4) (11.25–12.10)

5.1. The Committee took evidence from Filippo Compagni, European Funding and Projects Manager, Powys County Council; Barbara Burchell, Principal European Project Development Officer, Community Development Service, Conwy County Borough Council; Helen Morgan, Senior Manager, West Wales European Centre, Carmarthenshire County Council.

### 6 Papers to note

6.1 The Committee noted the following supporting documents:

EBC(4)–07–14(p.5) – Supplementary evidence

Minutes of the previous meeting

# Inquiry into the Welsh Government's approach to the promotion of trade and inward investment

## Additional information from UKTI

### Introduction to SNO

- Surfacing the National Offer (SNO) is one of the resources used by the Investment Services Team (IST) to support the delivery of inward investment into the UK. It is one of a basket of tools used by the IST to help and support investors with their location decisions.
- SNO is a database which holds information and specific data points about individual localities in the UK. The 27 data points in SNO are based around key drivers of investment location decisions. SNO is able to:
  - Weight the drivers identified by the client as important for their investment;
  - Combine multiple drivers (as a client frequently has a range of drivers), and;
  - Combine the weightings associated with these multiple drivers to generate a “best fit” list of potential locations across sectors and sub-sectors for consideration by the client.
- Data in SNO is drawn from two principle sources: local partners (LEPs & DAs) and independent data suppliers.
- SNO is used to support a range of IST activities including project delivery, identifying locations for Investment Briefing Tours; the development of sector and sub-sector propositions and strategy development.
- Every project is different and as such requires a different handling approach and a different type of proposal. SNO is just one of many tools. IST is able to pull on a range of different tools and information sources to support the bespoke development of each client proposal. Sources include: IST Sector Team knowledge, IST Market Intelligence Service, local partners, UKTI Sector Specialists, Industry Networks and sector and sub-sector propositions.
- The limitations of SNO should also be recognised and taken into account. The 27 data points within SNO do not cover all factors which influence investment location decision-making, and the evidence-base which underpins SNO is continuously evolving.

# Welsh Government & UKTI

## FDI Capability Development Support Programme, September 2012 – March 2013

### **Final Report**

Gareth John/John Rutherford  
UKTI Investment Services Team-  
March 2013

## 1.0 Background and Scope of Programme.

There is a renewed commitment by the Welsh Government (WG) to develop a dedicated trade and inward investment operation to support the focus on key sectors and to improve Wales' visibility in FDI donor markets and with UKTI.

To help deliver this aspiration, UKTI provided a resource of two experienced individuals (Gareth John and John Rutherford) over a period of 6 months to support the Wales Government primarily in the following areas;

- To liaise with the WG on UKTI policy and strategic issues, and facilitate integration with specific UKTI programmes relevant to Wales;
- To assist the newly formed Wales Trade & Investment team as it builds up its FDI capability and pipeline;
- To improve the working relationships between the Trade and Inward Investment Team and priority Sector Teams of the WG Department for Business Enterprise, Technology and Science (BETS) with UKTI teams in England and overseas;
- To support the Wales sector teams in presenting and developing their propositions both to UKTI and potential investors;

In supporting this capability development, the main emphasis of the UKTI team was to facilitate greater understanding and closer sustainable working relationships between Wales and UKTI (locally and overseas) to ultimately drive a stronger and more successful project pipeline into Wales

## 2.0 Outline of agreed work plan

This section sets out the key activities which were agreed between UKTI and the Welsh Government over the 6 months term, focussing upon the key areas of:

- **Interaction with National Inward Investment Pipeline (data and lead management)**
- **FDI Project management**
- **Account Management**
- **Sector Strategy Development**
- **Post Engagement Planning**
- **UKTI Product Awareness**
- **Accredited Training**

To this initial list we also explored opportunities of working with UKTI around Trade (High Value Opportunities in particular) and Institutional Investment (exploring how Wales can benefit from relationships with Pension Funds and Sovereign Wealth Funds).

### 3.0 Action Undertaken and Outcomes

| Programme Area                         | Performance Indicator  | Outcome as of March 2013  | Comment   |
|--|--|---|---|
| <b>Data at National Pipeline level</b> | i) Arrange pipeline training for all relevant WG staff and arrange user access;  | Two training programmes for Investment and Sector team staff completed with key staff from each team now aware of how to input and interrogate the pipeline                                   | WG has indicated a need for future training sessions which will be carried out by EMU staff   |
|  | ii) Appoint WG Trade & Investment 'super user' who can act as point of contact for EMU and ensure consistency of approach for data entry;          | In place. Louise McShane fills this role  | Going forward, we hope WG staff will have short placements in EMU to gain a better understanding of how the operation works and to strengthen relationships |
|  | iii) set up process and format for pipeline reports to be produced for discussion with MPG;  | Monthly pipeline reports showing overall and Wales' position are presented each month   |   |
|  | iv) ensure Welsh projects added to Single National Pipeline in accordance with MOU by 31/3/13  | Not completed. WG have no issues with fulfilling this requirement, but are concerned about the resource required to carry out the initial task  | Further discussion required around resourcing this task   |
| <b>Lead Management;</b>                | i) Review the management of FDI enquiry processes between UKTI and WG to ensure these are closely aligned and allow effective handling of enquires | Mostly in place. UKTI generated enquiries are passed by EMU to general enquiries point in MPG. Improved working relationships between sector teams should ensure effective project management | Reminder of WG enquiries point address circulated to all UKTI Market and Sector teams   |

|                                      |   |   |   |
|--------------------------------------|---|---|---|
| <p><b>FDI Project management</b></p> | <p>i) Set up monthly pipeline review meetings between Investment/Sector teams and UKTI;</p> <p>ii) Ensure all WG project successes are made aware to UKTI in a timely fashion and certainly in good time for UKTI Annual Report</p>                                   | <p>No formal process in place but individual sector teams are holding talks with their opposite numbers</p> <p>New process in place to ensure WG successes are uploaded to SNP and CRM in a timely fashion</p>  | <p>Creating a regular monthly meeting between sector teams is overambitious given the potential requirement for UKTI to do this with all partners. All Welsh sector teams have been invited to interrogate the pipeline and contact UKTI as and when required.</p> <p>WG now seen as one of the star performers in terms of the timely input of project successes onto the pipeline</p> |
| <p><b>Account Management</b></p>     | <p>i) Arrange senior level meeting to ensure effective coordination on account management of relevant Welsh anchor companies;</p> <p>ii) ensure that UKTI account managers that have clients with a Welsh location include opposite numbers in WG in virtual team</p> | <p>Senior level meetings held between heads of WG Anchor Companies and UKTI SRM. Adam Cartwright provided briefing to WG account managers and BETS senior management team</p> <p>Coordination of UKTI and WG account managed companies is being put in place. WG are cross referencing all companies on UKTI's 'one list' for those with a Welsh operation/account manager to ensure WG presence on any virtual account management team</p> | <p>Further meetings between UKTI's Strategic Relationship Management team, IST's Account Management team and BETS sector teams to be arranged to ensure improved coordination</p> <p>WG carrying out audit of all foreign owned companies in Wales which when complete, will also be cross referenced with 'One List'</p>   |

|   |  |  |   |
|---|--|--|---|
| <p><b>Sector Strategy Development</b></p> | <p>i) Ensure BETS sector teams and their opposite numbers in UKTI are working together effectively and that the latter are aware of the Welsh offer;</p> <p>ii) Ensure there is an effective channel in place for Welsh input to all relevant sector propositions</p> <p>iii) UKTI sector specialists to meet with BETS sector teams</p> <p>iv) Provide training support on proposition development;(see below).</p> | <p>Meetings arranged between all UKTI and BETS sector teams to discuss strategy, projects and propositions and to enhance working relationships</p> <p>BETS sector teams are contributing to development of all sector propositions. This is coordinated by Louise McShane.</p> <p>All BETS sector teams contributed to round 2 of SNO input (only one contributed to round 1)</p> <p>Engagement grid of UKTI sector specialists relationships with Welsh-based companies developed. Sector specialists invited to WG/UKTI sector meetings</p> <p>IST to deliver workshop on proposition development in Q1 2013/14</p> | <p>Two meetings arranged but yet to take place</p> <p>UKTI has suggested new WG sector case studies can be used to support BIS industrial strategy work</p> <p>To be updated on a quarterly basis</p> |
| <p><b>Post Engagement Planning</b></p>    | <p>i) ensure Wales is considered when Investment Briefing Tour itineraries are being set up;</p>   | <p>BETS sector teams have presented to ICT/Creative and Life Sciences briefing tours in London and the Science &amp; innovation Tour visited Wales in March. JR has spoken to UKTI coordinator of briefing tours to make case for Welsh involvement in future tours</p>  | <p>Any case for Wales must be considered as part of other DA/LEP requests to be included in tour</p>  |

|                               |   |   |  |
|-------------------------------|---|---|--|
|                               | <p>ii) alert individual visiting overseas staff to opportunity of receiving briefing at WG London office;</p> <p>iii) ensure WG staff travelling overseas are linked in to relevant UKTI overseas teams</p> | <p>Ad-hoc alerts have been issued. This will also be highlighted through UKTI in-house bulletin</p> <p>Copy of UKTI's overseas staff brochure has been passed to WG, along with offer to provide introductions to heads of overseas teams</p> | <p>Consideration to be given as to how to assist WG as they expand their overseas operations with the aim of placing staff within or alongside UKTI operations</p> |
| <b>UKTI Product awareness</b> | <p>Arrange briefing for BETS sector teams and T&amp;I team on LSIO, Tech City, GEP and any other new UKTI products developed over contract period</p>   | <p>Briefings by LSIO, Tech City and GEP have been arranged for relevant WG sector teams. Other briefings have taken place on institutional investment and HVO</p>   | <p>Ensure WG considered for any roll-out of future UKTI campaigns.</p> <p>Further engagement planned on GEP, HVO and Institutional Investment</p>                  |
| <b>Training</b>               | <p>Present UKTI accredited training modules to T&amp;I team with a view to arranging training programme , especially on lead generation and Proposition development.</p>                                    | <p>Following presentation by JR to Head of Investment, WG will develop a spec of what they would like for internal training.</p> <p>Workshop on proposition development planned in Q1 13/14</p>   | <p>JR has provided some ad-hoc support on lead generation best practice</p>  |

**Signed for and behalf of Welsh Government:**

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**Name**.....

**Date**.....

**Signed for and behalf of UKTI investment Services Team**

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**Name**.....

**Date**.....



# SNOv2 Data Points

| Item | Data Point description                                | Is the Data Point by sector? | SNO location driver category | SNO data source                       |
|------|---|------------------------------|------------------------------|---------------------------------------|
| 1    | Significant Businesses by Sector                      | Yes                          | Industry presence            | LEPs & DAs                            |
| 2    | Employees within Significant Businesses by Sector     | Yes                          | Workforce/Skills             | LEPs & DAs                            |
| 3    | Significant Businesses by Sub-sector                  | Yes                          | Industry presence            | LEPs & DAs                            |
| 4    | Employees within Significant Businesses by Sub-sector | Yes                          | Workforce/Skills             | LEPs & DAs                            |
| 5    | Centres of Excellence by Sector                       | Yes                          | Research & Innovation        | LEPs & DAs                            |
| 6    | Centres of Excellence by Sub-sector                   | Yes                          | Research & Innovation        | LEPs & DAs                            |
| 7    | Grants by Sector                                      | Yes                          | Incentives                   | LEPs & DAs                            |
| 8    | Incentives by Sector                                  | Yes                          | Incentives                   | LEPs & DAs                            |
| 9    | Enterprise Zones by Sector                            | Yes                          | Incentives                   | LEPs & DAs                            |
| 10   | Total Business Base by Sector - Enterprises           | Yes                          | Industry presence            | Office for National Statistics - IDBR |
| 11   | Total Business Base by Sector - Local Units           | Yes                          | Industry presence            | Office for National Statistics - IDBR |
| 12   | Total Employment Base by Sector                       | Yes                          | Workforce/Skills             | Office for National Statistics - BRES |
| 13   | Number of Graduates                                   | No – data is by subject      | Workforce/Skills             | Higher Education Statistics Agency    |
| 14   | Independent Research Rating                           | No – data is by subject      | Research & Innovation        | Research Assessment Exercise          |
| 15   | Economically Active Individuals                       | No                           | Workforce/Skills             | Office for National Statistics - APS  |
| 16   | Average House Price                                   | No                           | Living Environment           | BBC House Price Index                 |
| 17   | Average Industrial Rent                               | No                           | Business Costs               | CoStar Focus                          |
| 18   | Average Office Rent                                   | No                           | Business Costs               | CoStar Focus                          |
| 19   | Average Retail Rent                                   | No                           | Business Costs               | CoStar Focus                          |
| 20   | Average Salaries                                      | No                           | Business Costs               | ERI Salary Assessor                   |
| 21   | Cost of Living  | No                           | Living Environment           | ERI Relocation Assessor               |
| 22   | Quality of Life                                       | No                           | Living Environment           | Halifax Quality of Life Survey        |
| 23   | Broadband Speeds                                      | No                           | Telecommunications           | Ofcom                                 |
| 24   | Proximity to Railway Stations                         | No                           | Access to market             | Mileage distances                     |
| 25   | Proximity to Motorway Junctions                       | No                           | Access to market             | Mileage distances                     |
| 26   | Proximity to International Airports                   | No                           | Access to market             | Mileage distances                     |
| 27   | Proximity to Major Sea Ports                          | No                           | Access to market             | Mileage distances                     |