

Finance Committee

FIN(4) 07-12 – Paper 4

EVIDENCE ON THE EFFECTIVENESS OF STRUCTURAL FUNDS FURNACE FARM, BODNANT, CONWY

Background

1 Furnace Farm was the home farm of the Bodnant Estate, Conwy, North Wales. It is adjacent both to the A470 and to the world-famous Bodnant Garden (National Trust).

2 The mainly 18th century buildings have now been turned into a centre for the production, sale and enjoyment of local and Welsh food. We believe it is unique in the UK in combining an extensive farm shop (with butchery and bakery), cookery school, dairy production, tea-room and restaurant on a single site. The new National Beekeeping Centre for Wales will also have a home at Furnace.

3 The main construction contract has been let to a local North Wales company, K&C Construction, and work on site started in October 2010. The centre will open at the beginning of June 2012.

4 Furnace Farm Ltd is a private company set up specifically to manage the development.

Value for Money

5 Without funding support from ERDF and TMF the project could not have gone ahead. The total cost of the ERDF-funded project is £6.44m. Furnace Farm has received £1.97m Convergence ERDF (Theme 4.3) and £1.1m Targeted Match Funding. The match funding is from the Bodnant Estate.

- 6 The direct outputs are 43 FTE jobs (48 in 2015) and 405,000 visitors in the first three years. The indirect outputs will include:
- an increase in tourist numbers and spend generally in the Conwy Valley;
 - a sales outlet and more sustainable future for local growers and producers;
 - increased awareness of how food is produced; and
 - general promotion of food from North and the whole of Wales.

Monitoring by WEFO

7 FFL has started to make regular reports to WEFO on the direct outputs of the project and is making arrangements to work with an external consultant to undertake an evaluation.

Sustainability

8 The business plan envisages steady growth and expansion of the business which will enable Furnace Farm to make an increasing contribution to the local economy.

Experience of Structural Funds

9 FFL's experience has been mainly positive. We were an early direct applicant to the Convergence Programme; an expression of interest for funding was submitted in January 2008. The appraisal process proceeded fairly smoothly and a conditional offer letter was issued in June 2008. WEFO have been sympathetic to increased costs and the risks that the economic recession has brought and we have been given two increases in grant.

10 Payment of ERDF claims by WEFO has been prompt and efficient, which has been a help to our cashflow.

Furnace Farm Ltd
April 2012