

# **Brexit and the its potential impact on Carmarthenshire**

## **Introduction**

The purpose of this report is to outline current understanding of the Brexit vote and the potential implications on the level of European funding received by the County as well as steps being taken to mitigate the immediate impact on Carmarthenshire.

## **Background**

The announcement of the Brexit vote has obvious implications for Carmarthenshire and Wales as a whole in terms of the funding received.

In Wales, more than £500m of EU funds are spent each year on regional development, skills, rural development and farming. Wales also has access to other key EU funding programmes and initiatives linked to strategic infrastructure, innovation, research and development as well as educational exchanges and cultural and urban development.

Carmarthenshire has benefitted significantly over recent years with the Authority alone drawing down investment of over £150million from the Convergence and Rural Development Plan programmes (2007-14) which has resulted in more than 2000 new jobs being created.

The current EU funding (programmes 2014-2020) are well underway with many activities already launched or at an advanced stage of planning. £830m of the structural fund programmes has been committed to date (46%) with a healthy pipeline of project under assessment valued at circa £337m. With regard to the Rural Development Plan (RDP), circa £263m has been committed which represents 25% of the overall budget.

Under the current programmes (2014-2020), the Authority is directly involved in a number of projects, some of which have already been approved and delivery has commenced, whereas others are still at business planning stage. A full list of projects, their current status and their indicative timeframes are included at Annex 1. We therefore seek endorsement to progress these projects in order to accelerate their delivery.

Following the Brexit announcement, the Prime Minister has announced that the UK will have 2 years from when Article 50 is invoked which is unlikely to happen until October 2016 at the earliest. This may well change in light of the recent changes in Government. The worst case scenario for when EU funding might cease is the end of 2018.

## **Messages from Welsh Government**

The message from Welsh Government and the Welsh European Funding Office (WEFO) has been 'business as usual'. WEFO has announced that it will:

- Honour existing funding commitments

- Maintain focus on implementing current programmes and continue to approve projects
- Encourage potential project sponsors to continue with their project development

From the RDP perspective, Welsh Government has announced it will:

- Honour all existing contracts i.e. all the LEADER funding (up to 2020); Glastir; Basic Payments etc
- All applications that have already been submitted and those currently being appraised under the various RDP sub programmes such as the Rural Community Development Fund (RCDF) and Sustainable Management Scheme, will continue to be considered, assessed and processed
- No new calls for applications will be opened until assurances and guarantees are made in response to the First Minister's request to the UK Government that they will meet the funding commitments for the CAP and RDP.

However, over the last few weeks, it is becoming clear that the funding bodies are themselves reviewing processes as part of their risk management procedures. Options currently being considered by the funding bodies include the acceleration of projects; front loading of ERDF funding to projects in the short to medium term; review of grant agreements to enable earlier termination of contracts should the EU cease funding earlier than anticipated and the UK government fail to make up the shortfall. The possible implications of which, may mean that some projects will not progress at the same scale or at all.

### **How are we responding in Carmarthenshire ?**

In order to mitigate the potential loss and risks to the Authority, we are currently undertaking a number of actions to ensure that existing commitments are secured, and actions are taken to restore public confidence, as noted below:

*Working closely with Welsh Government to assist in bringing forward investment earlier than originally planned*

- The Leader has written to Ken Skates, Cabinet Secretary for Economy and Infrastructure, highlighting the Authority's excellent track record in delivering EU funding and the role in which the Authority and local government as a whole can play in assisting to accelerate the delivery of the programmes and bring forward investment earlier.
- There are a number of national backbone projects currently being developed by Welsh Government in relation to business sites and premises. These have yet to be approved and therefore will be under pressure to deliver. We are currently in discussions with Welsh Government to see how we can support the delivery of these pan Wales schemes at a regional level, via the Swansea Bay City Region Board.
- From a Carmarthenshire perspective, we have a number of private sector developers that are keen to invest in the development of sites and premises at key locations across the county. This need has been identified as part of the Authority's recent call for applications under the £3m Property Development

fund, where demand has far exceeded the level of funding available. We will endeavour to bring some of these ideas forward via Welsh Government's national schemes.

- As an Authority we also have a suite of projects, as identified within the County's Transformational Strategy, which could potentially take up any new funding opportunities that may become available should other projects be unable to deliver within a shorter timeframe. These ideas are being highlighted to Welsh Government at every opportunity.
- We are also aligning our aspirations with the Swansea Bay City Deal proposals, which, whilst the details on how it will be funded are still to be confirmed, the City Deal may bring with it financial reward to the communities of Carmarthenshire. Brexit could be an opportunity for direct funding to the City Region Board (as a purpose vehicle). Direct funding from central government could allow the region to deliver far more targeted investments in line with regional priorities. Different sources of finance are being explored i.e. pension funds, hedge funds, sovereign wealth and investment funds.

#### *Working closely with the WLGA*

We are working closely with the WLGA to develop an understanding of the implications of Brexit for local government and to influence the direction of travel for arrangements post Brexit as follows:

- Political engagement with the WLGA Spokesperson for European Affairs, Cllr Phil Bale, to ensure Welsh Local Government has input into the Brexit negotiations at the UK level alongside the other UK Local Government Associations and to ensure a local government voice in the discussions with the Welsh Government and other key partners and stakeholders in Wales.
- Accelerate projects in the pipeline for Structural Funds and monitor impact on project staff across the ESI Funds in the region via the Regional Engagement Team to feed into discussions with the WEFO Senior Management Team. The Regional Engagement Team has mapped out regional ERDF and ESF projects in development that could be accelerated through to approval which will be presented at ministerial level.
- Support the lobbying for a guaranteed funding commitment from the UK Government to meet any shortfall in the European Funding allocated to Wales up until the end of the current programming period i.e. 2020.
- Influence the development of a UK and / or a Wales Regional Policy and Rural Policy post Brexit, to include arrangements for trading goods and services etc
- Input into the legislative mapping exercise led by the LGA to identify which UK laws that impact on Local Authorities derive from EU Directives and what legislation will need to be revised or revoked etc

#### *Working closely with the Welsh European Funding Office and Welsh Government*

- There is a great deal of uncertainty surrounding Brexit and the implications on the European funding programmes and as such messages from the funding bodies are changing regularly. Via the work of the newly established Regional Engagement Team, we are in regular discussions with WEFO to ensure that we are aware of any policy changes which may affect delivery at a local level and also to feed our views and concerns into the process.
- The External Funding Team also sits on a pan Wales Rural Development working group which will also be an opportunity for the Authority to have firsthand knowledge of current thinking within Welsh Government.

#### *Mitigating risk in relation to existing applications*

- The Authority is currently involved in the delivery of 4 approved projects, including Cynnydd, Workways +, the Regional Engagement Team and Communities 4 Work, some of which are due to operate post December 2018. Whilst we hope that these projects will be able to continue for the full term, we are working with the project teams to ensure that they are made aware of any changes from the funding bodies so that they can plan accordingly. We do however need to be aware that where there are commitments by the Authority (staffing, office rental, any external contracts with suppliers etc) post 2018 that there is potential risk should we exit the EU in 2018.
- We are also reviewing all projects that are currently under development or are within the WEFO/Welsh Government appraisal process to ensure that they are still deliverable, should the funding period be curtailed. This is of particular relevance to the larger capital projects; we will need to be confident that we can deliver within the timescales.

#### *Public confidence*

- We have produced a 'good news' PR campaign for the next 12 months to provide a positive message to local businesses and communities that despite Brexit there is a great deal of investment being delivered within the county .
- We will also continue to promote the funding opportunities available via the RDP funded Leader programme and other funding avenues *to local communities*

### **Conclusion**

In conclusion, the Brexit announcement will inevitably have significant implications on the future level of funding received by the County. The Authority is working closely with the WLGA to lobby ministers in Whitehall and Welsh Government for reassurance that funding lost via European sources will not be lost to Wales and to the county. Whilst it is hoped that Welsh Government will be able to secure additional funds for Wales, the outcome of which will remain unclear for many months. There is of course the risk that Wales will not be able to secure 'like for like' funding. Even if it does there is no guarantee that this will be re invested in the same way let alone targeted at the existing priorities identified within the current EU programme. This then will inevitably mean less investment for business and economic growth in Carmarthenshire. The demand demonstrated as part of our

recent grant programme launch shows that there is confidence within the private sector however there will continue to be a need for public sector intervention and support.

In the meantime, there is still a great deal of investment being delivered in the county via approved projects which we will continue to monitor and review. Working in conjunction with the funding bodies, we will endeavour to secure as much funding as possible to support the delivery of our regeneration aspirations.

## Annex 1

<b>European Structural Investment Fund Programmes</b>				
<b>Project name</b>	<b>Description</b>	<b>Value</b>	<b>Status</b>	<b>Project timeframe</b>
Cynnydd (Education & Children's Services)	The project aims to reduce the number of 11-24 yrs at risk of becoming NEET. Cynnydd will provide a range of interventions which will complement and add value, but do not duplicate mainstream services managed by Engagement and Progression Co-ordinators (EPCs) in the delivery of the <i>Youth Engagement &amp; Progression Framework (YEPF)</i> across the ERW Region, comprising the Local Authority areas of Carmarthenshire, Ceredigion, Neath Port Talbot, Pembrokeshire, Powys and Swansea.	Total cost: £2.2m Grant approved £1.5m Match funding from CCC: £552k (staff match) £116k cash	Approved	March 2016 – Feb 2019
Workways + (Chief Executive's)	Building on the success of the previous Workways project, Workways + aims to increase the employability of Economically Inactive and Long Term Unemployed people aged 25 and over, who have complex barriers to employment.	Total cost: £1.6m Grant approved £1.3m revenue match funding £310,000 CCC	Approved	December 2015 - November 2018
Communities Work (Chief Executive's)	4 The programme focuses on our most deprived communities, to provide 1-to-1 support, guidance and training in	Total cost: £397,538 (100% funded)	Approved	Oct 2015 – March 2018

	Communities First clusters.			
Regional Engagement Team <b>(Chief Executive's)</b>	Development of the Regional Engagement Team to work strategically and seamlessly with the Swansea Bay City Region Board to facilitate understanding of proposals for the European Structural and Investment funding and how they contribute towards the overall vision for the region.	Total cost £1m Grant approved: £800,000; £200k CCC match funding (cash & staff time)	Approved	March 2015- March 2020
Tourism Visitor Attractor, Pendine <b>(Chief Executive's)</b>	International Attraction Destination Project Proposal The third phase of the delivery of the master-plan proposals focusing on the development of indoor and outdoor high quality, year round visitor destination facilities that will aim to maximise Pendine's heritage and its natural assets to drive forward the resorts future economic regeneration as a 'day and stay' event destination.	Total cost £14.7m, grant request: £3m, match funding package: CCC capital programme £2.5m; Heritage lottery £3.5m (TBC), Coastal communities £300k (TBC), PSI & WG flood risk £3.9m (TBC); £22k staff time CCC; £1.5m TMF	In development via national Visit Wales scheme	Feb 2017 – Feb 2020
Crosshands East <b>(Chief Executive's)</b>	Phase 2 of the Cross Hands Growth Zone. The project will unlock a further 5.5 hectares of land including 3 large development plateaus. The site will provide the necessary infrastructure to create a high quality commercial environment to deliver significant job opportunities. The site is a key strategic employment destination within the county and is well placed to serve the region.	Total cost £5.5m, grant requested £2.4m. Match funding CCC £2.45m Joint Venture £672k. (indicative at this stage)	In development via national WG sites and premises scheme	Dependent on approval of WG national scheme. Deliverable within 2 years of approval.
Building 4 the Future	Bringing difficult town centre buildings / land back into commercial use. 2 projects being taken forward in Carmarthenshire: Old	Carmarthen element: Total cost: £1.6m; grant requested £360k; TMF	In development via WG national scheme	Subject to WG acceptance of WEFO approval.

<b>(Chief Executive's)</b>	Town Quarter Carmarthen and Llanelli YMCA Transformational Project.	£360k, PSI £880k  Llanelli element: Total cost: £4m; grant requested £812,500, CCC capital programme £1.4m; TMF £812,500; Communities Facilities (TBC) £225,000; housing grant/PSI £750k (TBC)		
<b>Rural Development Plan – Supply Chain and Co-operation Fund</b>				
<b>Project name</b>		<b>Value</b>	<b>Status</b>	<b>Project timeframe</b>
Local Integrated Network Collaboration <b>(Environment)</b>	The project aims to build upon the success of Bwcabus and Traws Cymru developments, to implement an integrated transport network, designed to respond to the needs of communities, sustaining access to essential rural services for communities in rural parts of Carmarthenshire, Ceredigion and Pembrokeshire.	Total cost £2.3m; grant requested: £1.79m; £510k revenue match funding from Carmarthenshire CC; Pembrokeshire CC and Ceredigion CC	In final stages of assessment by WG	Nov 2016 - Oct 2019
<b>Rural Development Plan – Rural Community Development Fund</b>				
<b>Project</b>		<b>Value</b>	<b>Status</b>	<b>Project timeframe</b>
Tywi Valley Cycleway – Phase 1 <b>(Environment)</b>	Initial development of a safe walking and cycling route between Carmarthen and Llandeilo utilising the disused railway line running along the Towy Valley providing	Total cost £160k; grant requested £128k; local transport grant £32k.	Successful at stage 1. Business plan being submitted by end of Oct.	Jan 2017 – Dec 2018



	access to a number of settlements and tourist attractions thus encouraging a healthier lifestyle. Employment opportunities can be generated within the local hospitality trade as well as other leisure related business opportunities.			
Wetlands & Gateway project <b>(Communities)</b>	Development of the wetlands site in Carmarthen including installation of footpaths, trails and lakes to create a new sense of appreciation of the natural environment. Project identified as part of wider masterplan for Carmarthen.	Total cost £160k; grant requested £128k; indicative match funding: section 106.	Successful at stage 1. Business plan to be submitted by end of Oct.	Jan 2017 – Dec 2018
Re-development Jackson's Lane Carmarthen <b>(Chief Executives)</b>	To re-develop Jackson's Lane promoting a creative café culture and small business hub. The new kiosk-style outlets for start-up businesses along the realigned Chapel Street to use as a test trading base for selling seasonal food and crafts as well as promoting Welsh language, culture and heritage. Project identified as part of Carmarthen Masterplan.	Total cost £160k; grant requested £128k match funding: £32k CCC capital programme.	Successful at stage 1. Business plan to be submitted by end of Oct.	Jan 2017 – Dec 2018
Tywi Valley Cycleway – phase 2 <b>(Environment)</b>	Initial development of a safe walking and cycling route between Carmarthen and Llandeilo utilising the disused railway line running along the Towy Valley providing access to a number of settlements and tourist attractions thus encouraging a healthier lifestyle. Employment opportunities can be generated within the local hospitality	Total cost: £160k; grant requested £128k; local transport grant £32k	Expression of interest submitted by end of June deadline. Decision likely in September.	March 2017 – Dec 2018

	trade as well as other leisure related business opportunities.			
<b>Rural Development Plan – Sustainable Management Scheme</b>				
<b>Project</b>		<b>Value</b>	<b>Status</b>	<b>Project timeframe</b>
Tywi Valley Cycleway (Environment)	<p>The project will develop a new permissive public access route along the Tywi Valley offering attractive outdoor areas for recreation and wildlife. The route is approximately 10km in length, from Ffairfach, Llandeilo to Dryslwyn.</p> <p>The project will provide a multi functional green infrastructure, opening up green space for habitat enhancement and increased biodiversity involving restoration and re-creation of habitats, improvement of landscape as well as opening up new recreational facilities for local people and tourists alike.</p>	Total cost £3m; grant requested £1m; match funding local transport grant.	Awaiting outcome of initial decision on whether proceeding to business planning stage.	2017 – 2019 (indicative timescale)
<b>Rural Development Plan – Leader programme</b>				
<b>Project</b>		<b>Value</b>	<b>Status</b>	<b>Project timeframe</b>
Leader implementation	To develop a team to manage and delivery the Leader programme at a local level	Total cost £4.3m (100% funded)	Approved	April 2015 - April June 2020
Un Sir Gar mobile hub- rural Carmarthenshire	The purpose of the pilot project will be to improve and expand upon the way in which the services offered at our 'Hub' location in Llanelli, are replicated to people all across Carmarthenshire, and especially to those in rural areas. The proposal is twofold, as we will work in conjunction with the new Mobile	Total cost: £15,800, grant requested £12674; match funding CCC £3126 staff time	Approved	September 2016 – August 2017

	Library Service, as well as opening 'pop up Hubs' in Libraries across the county.			
Rural events network	To maximise the opportunities offered by events to contribute towards generating higher spend in the locality, enhancing the destination's image and reputation. The project will create a proactive "go to" focal point for event support offering trusted sources of practical advice and expertise on training, governance, marketing, distribution, funding, logistics and legal requirements. An "Event Network Support Circle" with organisers, venues and ancillary services invited to form a voluntary events network, to develop forward calendar planning to avoid clashes, duplication and unnecessary competition; joint promotion and marketing and streamlining of similar events; improve mutual co-operation and achieve economies of scale; pilot a 'volunteer register' of those prepared to work at events such as scouts, rugby clubs etc or to establish relations with schools and colleges to involve students in relevant aspects of events.	Total cost £35,700, grant requested £24,550; match funding £11,233 (CCC staff time)	Approved	November 2016 – May 2018
<b>Ireland Wales Cooperation Programme 2014-2020</b>				
BUCANIER (Building Clusters and Networks in Innovation, Enterprise and Research) <b>(Chief</b>	Bucanier will: i. Increase the innovation capacity within SMEs and social enterprises by collaborating with HE institutions and other public bodies to increase productivity across the Ireland Wales Programme area. ii. Increase the number of cross-border	Total cost: £460k (Carmarthenshire element) grant requested £324k; match funding CCC cash £10k; staff time £71k.	Project being developed by Pembrokeshire as lead applicant. Carmarthenshire included as joint sponsor. Successful at stage 1. First 3 elements	Jan 2017 - March 2020

<b>Executive's)</b>	collaborative research, development and innovation (RD & I) clusters and networks between research institutions and SMEs. iii. Invest in ideas for the design, development, testing and delivery of new products, processes and services by applying innovation processes that bring these ideas closer to the commercial market. Bucanier will work with renewably energy, food and drink, and life science sectors across the Irish Sea.		of business plan submitted. Decision expected over next few months	
Celtic Routes <b>Chief Executive's)</b>	The proposal is for a joint 3 year pilot that will test the feasibility of a series of newly created cross-border tourism trails that combine natural, cultural and heritage assets in Ireland and Wales to increase visitor numbers (both day visitors and overnight) to the benefit of the economy in both Ireland and Wales (jobs and growth). Project working in partnership with Ceredigion CC; Pembrokeshire Coast National Park Authority; Waterford City & County Council, Wexford County Council, Wicklow County Council	Financial plan currently being developed. Estimated total costs £1.8m; grant requested £1.4m; match funding £400k between all partners.	Project being lead by Carmarthenshire CC. Project successful at first stage. Full business plan currently being developed. Expected decision early 2017.	March 2017 – Dec 2019