



REPORT TO THE NORTH WALES ECONOMIC AMBITION BOARD
15 NOVEMBER, 2019

TITLE: *ESF Institutional Capacity Building Application*

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1. PURPOSE OF THE REPORT

1.1. The purpose of the report is to outline the Business Plan proposal by the NWEAB to WEFO for funding from the ESF Institutional Capacity Building Priority of the European Structural and Investment Funds.

2. DECISION SOUGHT

2.1. Delegate authority for Gwynedd Council acting as Host Authority to prepare and submit the Business Plan to WEFO on the basis set out in the report.

2.2. Delegate the authority to the Chief Executive of the Host Authority in consultation with the NWEAB Lead Chief Executive and the Host Authority Section 151 Officer to accept a WEFO grant offer based on 50% of the total project cost (£5.4 million) for the period July 2018 up until June 2023.

2.3. Confirm that the NWEAB accepts that it will contribute match funding at 50% primarily by a combination of capitalisation of project costs and core budget (from partner contributions).

3. REASONS FOR THE DECISION

3.1. As set out in the report.

4. BACKGROUND AND RELEVANT CONSIDERATIONS

4.1. Background

4.1.1. The Executive Support Group have been working on a European Social Fund (ESF) application to design and build the necessary capacity for delivering the North Wales Growth Vision.

4.1.2. The initial stage of the application, the Operation Logic Table (OLT) has been completed, and WEFO confirmed that the NWEAB could move forward into the Business Planning Stage.

4.1.3. The Executive Officers Group have developed the detail for the Business Plan (ESF Application). The draft Business Plan will be submitted to WEFO following approval of this report by the NWEAB.

4.2. ESF Funding

4.2.1. Priority Axis 5: Public services reform and regional working

4.2.2. The funding application is for the Priority 5: Public services reform and regional working.

4.2.3. This Priority Axis is focussed around Thematic Objective (11) – Institutional Capacity Building). The justification for the priority axis is as follows: *There is an increasing evidence base pointing to the importance of institutional capacity as a factor affecting the relative success of regional investments (OECD). Having the right capacity in place can therefore magnify the effect and impact of regional investments; with ineffective arrangements having a negative effect. As such, a lack of capacity in Welsh regions risks undermining investments made across the entire suite of European Structural and Investment (ESI) programmes in Wales and beyond. Effectively operating regional arrangements can better integrate investments in places and improve the effectiveness and impact of those investments both collectively and individually.*

4.3. NWEAB Growth Vision Enabler Business Plan

4.3.1. The ESF Funding will provide funding to progress the development and delivery of the Growth Vision, through the establishment of a Programme Office.

4.3.2. The Programme Office will be responsible for supporting the activities of the North Wales Economic Ambition Board and progressing key elements of the Growth Vision. The Programme Office model will be flexible and agile in its design and operations, which will evolve over time. This allows us to make a change by building regional capacity, to develop new ways of working that can underpin and deliver regional collaborative working into the future.

4.3.3. The funding will allow the NWEAB to design and build the necessary capability and capacity at a regional (North Wales) level. This will support the shift towards regional governance and delivery of key functions to meet the ambitions of the North Wales Growth Vision and the Welsh Government through its own emerging Regional Framework.

4.3.4. Initially the Programme Office will have key personnel part-funded through ESF grant to provide a backbone to the structure. To date the following have been appointed: Programme Director, Operations Manager, Digital Programme Manager, Energy Programme Manager and Land and Property Programme Manager. These key individuals will then be in a position to build further capacity in terms of improved collaborative working as the work of the Programme Office develops over time.

4.3.5. The ESF funding application does include additional posts, namely Programme Managers (Skills, Transport and a General post), Programme/Project Officers (Skills, Digital, Energy, Regeneration, Transport, Land and Property), PR and Marketing Officer, Operational Officer, ESF Project Manager, and Project Support Officer. 3 of the posts listed will be graduate or higher apprenticeship posts.

4.3.6. The majority of the appointments to the Programme Office will take place after signing the Final Growth Deal, for the purpose of the funding application we have estimated that the majority of the posts will be appointed to during January 2021.

5. FINANCIAL IMPLICATIONS

5.1. The funding start date will be back dated to July 2018, and the funding end date will be June 2023. Back dating the start date to July 2018 will allow the region to claim retrospection for the Lead Director seconded to the NWEAB, and support by the Senior Executive Officer and Administrative Support.

5.2. The funding application to WEFO is as follows:

| Cost Heading | Cost |
|---|---------------------|
| Staff Costs | £3.9 million |
| Simplified Costs (40%) [to cover all other expenditure within the programme office] | £1.5 million |
| Total Project Cost | £5.4 million |

(Refer to 4.3.4, 4.3.5 and 5.1 above for details of the staff costs)

5.3. The NWEAB will submit regular financial claims to WEFO to draw down the ESF grant funding.

5.4. The figures within this report are based on the eligible staff costs including eligible redundancy costs, and in accordance with WEFO grant conditions a standard amount calculated as 40% of the staff costs to cover all other expenditure within the project (training, indirect management costs, claim support costs, etc.), or for match funding, these are known as Simplified Costs.

5.5. The total project cost will be £5.4 million, of which £3.9 million are staff costs and £1.5 million simplified costs (i.e. to cover all other expenditure within the programme office). The ESF grant for the project will be £2.7 million (50% grant rate), with the remaining £2.7 million required as match funding provided by the NWEAB. The NWEAB match funding will primarily be a combination of capitalisation of project costs and core budget (from partner contributions).

5.6. Redundancy costs will be applicable for this project, if staff employment contracts aren't extended beyond the ESF Funding. The staff costs include the eligible redundancy costs for staff whilst employed in the programme office. There could be additional redundancy costs for the employees when taking into consideration their service from previous posts, the NWEAB should consider setting aside funds in a reserve for this purpose.

6. LEGAL IMPLICATIONS

6.1. The applications for the funding and the acceptance of any offer of grant will be actioned by Gwynedd in its role as the host authority/accountable Body acting on behalf of and in accordance with the requirements of the NWEAB under GA1.

7. STAFFING IMPLICATIONS

7.1. As noted in the report.

8. IMPACT ON EQUALITIES

8.1. None.

9. CONSULTATIONS UNDERTAKEN

9.1. The Business Plan and the proposed staffing structure was discussed and approved at the Executive Officers Group on 25th October, 2019.

STATUTORY OFFICERS RESPONSE:

i. Monitoring Officer – Host Authority:

“The report appropriately sets out the key matters around progressing the application for ESF funding and the nature and implications of the proposed funding.”

ii. Statutory Finance Officer (the Host Authority’s Section 151 Officer):

“I have worked with the author in preparing this report and can confirm the accuracy of financial aspects of the content.”