



RHONDDA CYNON TAF

**RECORD OF DELEGATED OFFICER DECISION**

**SUBJECT: South East Wales Local Investment Fund**

**PURPOSE OF ATTACHED REPORT:**

- 1) To consider the reshaping of the South East Wales Local Investment Fund and the reduction of the grant element of the capital budget for Rhondda Cynon Taf to £1.6M

**DELEGATED DECISION:**

**It is agreed to:**

- 1) Approve the reduction of the grant element of the capital budget for Rhondda Cynon Taf to £1.6M

*Chief Officer Signature*

Keith Griffiths  
*Print Name*

1<sup>st</sup> June 2011  
*Date*

The decision is taken in accordance with Section 15 of the Local Government Act, 2000 (Executive Functions) and in the terms set out in Section 5 of Part 3 of the Council's Constitution

*Lamar.*

1<sup>st</sup> June 2011

**CONSULTEE CABINET MEMBER SIGNATURE**

**DATE**

*S. M. ...*

*1/6/11*

**OFFICER CONSULTEE SIGNATURE**

**DATE**

Directorate:	REGENERATION & PLANNING
Contact Name:	Jane Cook
Designation:	Director of Regeneration and Planning
Tel.No.	01443 490406

# RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL

## MUNICIPAL YEAR 2010 – 2011 REPORT TO ACCOMPANY DECISION OF CHIEF EXECUTIVE

<b>Part 1</b> (Non-Confidential)
<b>South East Wales Local Investment Fund</b>

### 1.0 PURPOSE OF THE REPORT

- 1.1 To seek agreement for the reshaping of the South East Wales Local Investment Fund and the reduction of the grant element of the capital budget for Rhondda Cynon Taf to £1.6M

### 2.0 RECOMMENDATIONS

- 2.1 To approve the reduction of the grant element of the capital budget for Rhondda Cynon Taf to £1.6M to reflect the current economic climate and resulting demand for the Local Investment Fund.

### 3.0 BACKGROUND

- 3.1 The project was developed with support from the Welsh Assembly Government (WAG) through the European Regional Development Fund (ERDF) and is delivered in partnership by the six local authority areas in South East Wales that fall within the Convergence Fund area, i.e. Blaenau Gwent, Bridgend, Caerphilly, Merthyr Tydfil, Rhondda Cynon Taf and Torfaen with Rhondda Cynon Taf acting as Lead Sponsor.
- 3.2 The initial development of the project started in 2005/6 although it did not receive formal approval from the Welsh European Funding Office (WEFO) until 2008. It is due to run until 31<sup>st</sup> December 2013. The regional project was allocated a capital grant budget of £8,750,000, with the Rhondda Cynon Taf proportion totalling £2,400,000, equating to 27.43% of total allocation.
- 3.3 The project did not start immediately following the approval date due to the need to appoint relevant staff and to develop consistent procedures across all Partners. The project has now been running (i.e. expenditure started) for just over 2 years.

- 3.4 The global, national and regional economic climates have clearly changed dramatically since the project was developed and approved which has had a major impact on delivery. Due to this the ability of business to take advantage of the Local Investment Fund has been severely compromised. The project as a whole is delivering below target across all areas of Wales. For Rhondda Cynon Taf this means that £415,000 of business grants have been delivered, but this has resulted in us allocating less than the original target.
- 3.5 As noted, this performance to date can be attributed to the period of recession and weak recovery in which the project has operated during the first half of its life. Clearly this is something beyond the project's control and was not foreseeable at the time when the initial project application was made.
- 3.6 As part of the ongoing project monitoring the Welsh European Funding Office have robustly challenged the ability of the project to catch up with its original projected delivery. Being now nearly half way through the project and recognising the need to develop a tapered exit strategy, it is not considered to be realistic to project a significant increase in demand beyond that currently experienced. As a result an exercise has been undertaken by all Local Authority partners in the South East Wales Consortium with a view to de-committing capital budget allocations across the programme. It should be noted that the South West and North Wales Consortia are also undertaking a similar exercise due to reduced take up in their areas. The results of these reviews will potentially allow WEFO to recycle unused grants into other schemes which have in the past favoured this Council.
- 3.7 As lead body for the project Rhondda Cynon Taf must consider the reshaping of the project and reduce the grant element of the capital budget to £1.6M, a reduction of £0.8M. Other partners across SE Wales will need to look to de-commit a total of £1.4m of grant across the South East Wales area. It should be noted that there will be a further reduction in total project costs in respect of private sector investment.
- 3.8 The important consideration is that the economic climate has had an impact on the project to date, but by reducing the capital grant budget to £1.6M, the project delivery for the remainder of the project within Rhondda Cynon Taf, can remain just over the level originally conceived. Business will therefore have slightly greater opportunities to access grant during this period.
- 3.9 In conclusion the Council has to take a realistic and responsible approach to the management of the project, but businesses will still have significant opportunities to secure grant assistance during the remainder of the project period.