

Appendix 2 – ERDF Projects	
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1.0	Purpose of Report or Summary of main Issues
1.1	The purpose of this report is to provide a management update to the Committee on the progress being made to manage the ‘ERDF projects’, one of the key corporate risks relating to the Committee’s sphere of work.
2.0	Recommendation
2.1	<p>That the Committee notes the arrangements in place to manage this risk and the progress being made to implement additional controls / measures to reduce the level of risk further.</p> <p>Members are asked to note that the impact of BREXIT in relation to ERDF projects and the ongoing requirements has not yet been quantified or assessed and that this will be kept under review going forward.</p>
3.0	Main report
3.1	Description of risk
3.1.1	<p>The ERDF projects risk, as captured in the Council’s Corporate risk register is phrased as follows:</p> <p>ERDF Clawbacks and Financial penalties lead to BCC cost increases. In addition, failure to deliver project outcomes also presents a financial risk in addition to the reputational damage to the Council.</p>
3.2	Risk Owner
3.2.1	Accountability for the management of this corporate risk has been assigned to the Director of Property & Projects.
3.3	Risk assessment
3.3.1	Following detailed review of the corporate risks, this risk was assessed in terms of ‘impact’ and ‘likelihood’ (using the Council’s risk scoring system, see Appendix 1) as follows:

Impact – 5 (severe)
Likelihood – 3 (possible)

3.3.2 Members will be aware that the Council received over £41m of EU funding for a range of projects including the extension to the Belfast Waterfront to provide dedicated conference and exhibition facilities; the Girdwood Community Hub; the Innovation Factory; the North Foreshore; the Belfast Welcome Centre and the Adventurers Learning Centre at Belfast Zoo.

3.3.3 The delivery of all these projects has now been completed however the projects continue to provide risk to the Council in terms of potential clawbacks and financial penalties to the Council in terms of non-delivery in relation to the project outcomes which the Council has signed up to as part of the Letter of Offer for each project. This presents both a significant financial and reputational risk to the Council and the current risk assessment level of High reflects this. The Council is however committed to doing all we can to reduce the potential impact and likelihood of the risk occurring. Members are asked to note that under the current letters of offer all EU funded projects will continue to be audited up to 2025.

3.4 Current measures in place to manage the risk

3.4.1 The Council has an established framework, policies and procedures to manage the ERDF projects. These include, but are not limited to, the following:

- A claims database which is managed and maintained and which sets out all details including the performance indicators and outcomes identified within each letter of offer
- Letter of offer checklist in place
- Standard files in place for all projects
- Reporting to SP&R - Levered Monies report which includes amount agreed & amounts delivered
- Regular reports to SP&R Committee on the progress of the delivery of projects.
- Claims Team in place with roles and responsibilities defined
- Process maps in place for each ERDF project

In addition benefits workshops have been undertaken for each ERDF project.

To date the focus of effort in relation to the ERDF funded projects has been on ensuring their successful delivery within the strict timescales required. The focus is now on ensuring that this is shifted to ensuring that the outcomes which the Council has signed up to for each project as part of the letter of offer are now achieved.

3.5 Council performance

3.5.1 Each of the Council’s EU funded projects have now been successfully delivered as below.

PROJECT	FUNDING RECEIVED	COMMENTS
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Belfast Waterfront - Exhibition and Conference facilities	£18,564,400 (ERDF and TourismNI)	First major conference held in May 2016 Already secured 50 conferences for 2016-2021 generating 94,000 delegate days
Girdwood Community Hub	£9,597,354 (Peace III)	Formally opened in January 16 Catalyst project – works now completed on the 3G pitch and 60 units of housing
Innovation Factory	£6,153,255 (ERDF and Invest NI)	Formally opened in October 16 Accommodation space for up to 382 employees Capable of housing 100+ small businesses .
North Foreshore – Infrastructure to support the development of a clean tech park	£6,000,000 (ERDF and InvestNI)	Cleantech Hub / Environmental Resource Park – currently seeking investors, developers, occupiers £20m Film Studio Investment – completed Dec '16 Expressions of interest to be sought for a private sector lead commercial leisure / mixed use scheme.
Belfast Welcome Centre	£747,311(ERDF)	Opened December 2013
Adventures Learning Centre at Belfast Zoo	£215,160 (ERDF)	Opened August 2014

Areas for improvement

3.6

3.6.1

As outlined above all the ERDF projects have now been successfully delivered however now the Council must ensure that the conditions within the letters of offer which have been signed are achieved in order to minimise the risks of any clawback or financial penalties to the Council. A number of areas for improvement have been identified and captured in the risk action plan for the ERDF projects. These actions reflect that the focus for the ERDF projects has shifted from delivery to ensuring ongoing successful management and achieving the outcomes set out within the LOOs (see table below – focused on the most recent LOOs) -

PROJECT	LOO conditions (examples only)	Committee/ Client Dept.
Belfast Waterfront	<ul style="list-style-type: none"> - to attract 50,000 annual conference delegates to the City by 2020 - to attract 35,000 (of the 50,000) out-of-state conference delegates by 2020 - to host an average of 6 National Large Association conferences per annum from 2020 - to host an average of 6 International/European 	Waterfront Development

		Association conferences per annum from 2020	
Innovation Factory	- To achieve 55% occupancy at the site by December 2018 - To achieve 71% occupancy at the site by December 2020		City & Growth Development
Girdwood	- A high-quality, state of the art Girdwood Community Hub for North Belfast and beyond with 151,000 usages per annum. The intention is that the split of users will reflect the local demographics, which is approximately 50:50 CNR to PUL backgrounds - Facilitate the removal of at least three physical interface barriers in the immediate vicinity of the Girdwood site in partnership with the relevant government departments and the Hub Forum - An initial shared space two-year action plan (to be repeated on an annual basis) to ensure that the site is promoted and managed as shared, open and welcoming to all with a public shared space charter		People & Communities City & Neighbourhood Services
North Foreshore	- To let 3 acres of the prepared 25 acres at the site by 31 March 2019 - To let 7 acres at the site by 31 March 2020 - To create at least 333 green collar job at the site by Dec 2024		SP&R Property & Projects

Actions

3.6.2

1. Roles and responsibilities for handover of projects to clients to be developed and agreed.
2. A protocol for formal handover of projects to be developed and implemented so that Clients are fully aware of their responsibility.
3. Agree the protocol for reporting corporately on the meeting of PI's and performance outcomes as per LOO. To cover:
 - Role of PMO as a `monitoring hub`
 - Governance arrangements in terms of reporting to SP&R and the other standing committees as required
4. Agree a process for receiving assurance on ongoing compliance with terms and conditions of funding.
5. Programme level Lesson's Learned to be captured. Where appropriate, systems and processes should be updated to prevent reoccurrence of similar issues in future programmes.

Progress against these actions will be monitored and reported. Through these improvement programmes, we are working towards reducing the risk rating in terms of likelihood to **2** (low). However, ensuring the ongoing successful delivery of the ERDF projects will continue to be a priority area during the timescale for the ongoing audits (up to 2025)

