

30 April 2018

Swyddfa Cyllid Ewropeaidd Cymru
Welsh European Funding Office

Business Plan

Snowdonia Aerospace
Centre, Llanbedr Airfield

30 April 2018

Version Control Sheet

| WG version | WEFO version | Purpose | Changes | Originated | Authorised | Date |
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| V.0.1 | 1 | First draft. | N/A | AP | SB | 17.11.17 |
| V.0.2 | 1A | Second draft. | Initial comments from Mark Pritchard following pre-application meeting | AP | SB | 29.11.17 |
| V.0.3 | 1B | Third draft. | Further comments from WEFO leading to changes | AP | SB | 30.03.18 |
| V.0.4 | 1C | Fourth draft. | Inclusion of further information as set out in email issuing Third draft | AP | SB | 23.04.18 |
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Executive Summary

Description and Need for the Project

Since 2001 the labour market in North Wales has improved, but slightly less than the improvement for Wales overall, with falls in the benefit claimants. Outmigration by young people reflects a number of challenges experienced by the local economy in Llanbedr and the wider Dwyfor Meirionnydd area. The Snowdonia Enterprise Zone designation at Llanbedr responds to the need for jobs and economic development in the North Wales region, and the prospects presented at Llanbedr to support an advanced manufacturing cluster related to the existing and emerging aerospace industry opportunities.

The aerospace sector in Wales is a dynamic growth industry that operates on best practice techniques and is supported directly by the Aerospace Wales Forum. There are particular opportunities associated with the expansion of the global RPAS market and the benefits of a drone industry in the UK include the opportunity for business and the public sector to create high-tech jobs, boost the economy, and support the ambition to place Llanbedr, Wales and the UK at the forefront of the autonomous systems opportunity.

Llanbedr benefits from its links to the wider Welsh aerospace sector, and particularly to the RPAS facility at Aberporth. However, due to its coastal location, unrivalled segregated airspace - unique in the UK – and low level of aircraft movements, the opportunity at Llanbedr is unique, and could not be realised anywhere else in Wales. Llanbedr is recognised as a key location for the development of RPAS in Wales and the UK, and it is intended that it will become an international Centre of Excellence for the next generation of manned and unmanned aircraft systems. It is considered that this would be wholly complementary with potential Spaceport operations, should Llanbedr be developed as such in the longer term.

The development of an international RPAS Centre of Excellence at Llanbedr would create a range of sustainable employment opportunities at a range of skill levels. As well as technical staff, it is expected that the Snowdonia Aerospace Centre (SAC) would require operational, maintenance and support staff, and that there would be opportunities for people with lower skill levels as well as those with higher levels of qualifications. There may also be the potential for some roles to be taken up by workers with relevant skills entering the labour market as the decommissioning of Trawsfynydd nuclear power station moves towards completion.

There would also be opportunities in the supply chain which could benefit local SMEs, including those in related technical industries and those in the service sector. While it is expected that some of the technical staff using the site may do so only on a temporary basis, Llanbedr will attract people with high skill levels and high wages to the area during their campaigns. There is an expectation that such staff (and visitors) would boost the local economy through day-to-day spending on goods and services both on-site and in the immediate locality. Investment at Llanbedr would act as a catalyst for further development of the aerospace industry and wider research initiatives across North Wales.

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To help achieve this, funding from the Wales European Funding Office (WEFO) is sought to:

1. Improve on-site buildings through refurbishment; and
2. Provide a direct and enhanced access to the Enterprise Zone site, by way of connection to the proposed A496 Bypass.

[REDACTED]

The EU Structural Funds Programme

The Project seeks funding from ERDF Operational Programme Priority Axis 4: Connectivity and Urban Development. In particular, the Project is aligned to Specific Objective 4.4: To increase employment through investments in prioritised local or regional infrastructure supporting a regional or urban economic strategy. The project is eligible for EDRF Objective 4.4 funding because it will:

- Improve on-site buildings through refurbishment to ensure the high quality work space required by modern aerospace companies is available to better accommodate existing and new RPAS related employers and jobs. This would help facilitate additional investment, jobs and economic growth, helping to reduce the claimant count in this part of North Wales; and
- Provide a direct and enhanced access, by way of connection to the proposed A496 Bypass, which would remove the existing constraints to accessibility and which otherwise sever the airfield site from road access. As such, ERDF funding would support the delivery of an element of the Bypass which has no other wider benefits than enhanced direct access connection to the public highway.

The project would contribute towards the specific objectives of the priority of the EU Structural Funds Operational Programme, with the anticipated direct outputs of the project expected to include:

[REDACTED]

- Jobs accommodated = 165 ([REDACTED])

- SMEs accommodated = 31 ([REDACTED])

The project would align strongly with the key demand drivers and existing capabilities set out in the Economic Prioritisation Framework.

Key Barriers and Risks

The primary risks and dependencies that are critical to the successful delivery of the proposal are considered to include:

1. Premises (Buildings) Condition Survey and Asbestos;
2. Health and Safety (risk of breach, accident, injury or death);
3. UAV industry market downturn, competition and failing to attract businesses;
4. Programme, in terms of works being delayed for unforeseen circumstances beyond the 2022 WEFO deadline for ERDF spending;
5. Cost overrun with reliance on multiple contributing bodies and sources of finance;
6. Granting of planning permission for the A496 Access Improvement (including the direct access connection that is subject to this application for EDRF under Priority 4.4);
7. The availability of Welsh Government funding for A496 Access Improvement; and
8. Risk of flooding and associated risk to future development (whilst not relevant to the proposed works relating this application, any future development partly enabled by the proposed works would require identified mitigation measures to address flood risk).

Gwynedd CC and the other partners are working in combination to overcome these barriers and to help mitigate risks, as such it is understood that each of the above issues can be sufficiently addressed. A Risk Register is provided at Annex A.

Cross Cutting Themes

The Welsh Government and Gwynedd Council is committed to equal opportunity, equal access and positive outcomes. The Council aims to ensure that organisations that provide services on behalf of the Council comply with equal opportunities legislation and promote equality of opportunity. The Council also aims to encourage those organisations and individuals with which it does business to observe and adhere to the principles contained within the Council's Equal Opportunities Policy. Copies of this policy can be found on its website: www.gwynedd.gov.uk.

Gwynedd Council is committed to protecting the environment and ensuring a better quality of life for everyone now and for future generations. To promote this the Council has adopted a Sustainable Development Action Plan to improve its environmental and social performance as part of the Community Strategy.

The Council expects its contractors to meet similar levels of environmental care and commitment.

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Tackling poverty and social exclusion is a Welsh Government and Gwynedd Council commitment, which will focus on actions to create employment and progression opportunities and will help people to access those opportunities. The project would seek to:

- Focus on the creation of jobs and growth providing employment opportunities for those who are out of work (for example through increasing the competitiveness of SMEs);
- Tackling barriers to employment (for example, addressing poor skills, complemented by addressing transport barriers to accessing employment through the ERDF); and
- Focusing on growth (for example through support for key knowledge-based sectors through the ERDF, aligned with skills development interventions enabling those experiencing in-work poverty to access more highly-skilled, better paid jobs).

Project Management and Delivery

Gwynedd Council is acting as the funding applicant and would be the lead beneficiary, retaining overall financial and legal responsibility for the operation. Gwynedd Council would be responsible for delivering actions as part of the project.

Subject to change as the project moves into the mobilisation phase, the Senior Responsible Officer (SRO) could be:

Sioned Williams

Head of Economy and Community

Email: sionedewilliams@gwynedd.llyw.cymru

Tel: 01286 679547

The Welsh Government owns the freehold interest at Llanbedr Airfield but day to day operations and further investment are the responsibility of the long term leaseholder, SAC. The Welsh Government are therefore not formally involved in project delivery but would remain a close partner in helping steer the proposed work. The Welsh Government would act as part funder only, but continue to work collaboratively with key stakeholders to support the successful delivery of the project, and to promote and support its Snowdonia Enterprise Zone.

SAC as the long term leaseholder and operator of the site would be a joint beneficiary, responsible for delivering actions as part of the project.

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[REDACTED]

[REDACTED]

Costs and Funding Package

Progressing the aspirations for improved and enhanced capability at Snowdonia Aerospace Centre requires the implementation of a number of strategic infrastructure improvements in and around the site. Capital and revenue investment is required including:

- a) Refurbishment of existing premises [REDACTED]
- b) The design and construction of a new direct site access [REDACTED]
- c) A full time works manager to coordinate the site works [REDACTED] and
- d) A full time project officer role to manage and evaluate the total project delivery [REDACTED]

For the purposes of the ERDF application and its associated project works, the funding package value is £9.96m.

[REDACTED]

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| █ | █ | █ |
|---|---|---|
| █ | █ | █ |
| █ | █ | █ |

It is acknowledged that the intervention rate for WEFO is high for the purposes of the ERDF application. That is because the maximum ERDF funding level available is £7.5m and match funding has been diverted to both eligible elements and wider investment to benefit the operation.

Outside of this application for ERDF funding, the SAC and Welsh Government will be investing in the airfield infrastructure, whilst Gwynedd Council and the Welsh Government will be investing in the A496 Bypass road, to improve wider accessibility to the Enterprise Zone. Those investments will complement the ERDF project and help facilitate additional investment, jobs and economic growth, in turn helping to reduce the claimant count.

The total cost of the package of works being funded and delivered as part of the wider project is around £21.73m. EDRF would represent 34.5% of that total cost.

For clarity, those wider elements do not form part of the ERDF funding package value or associated funding application but would be complementary to the operation, helping justify the ERDF intervention.

Overall, the case for investment of ERDF funding in the project is strong. There is a robust economic imperative to deliver regeneration through removing constraints to business activity, improving the attractiveness of the airfield and Snowdonia Enterprise Zone for future inward investment from the private sector.

As a designated Enterprise Zone, the site and project would be subject to ongoing evaluation by the Welsh Government and Gwynedd Council, and ongoing financial support through the Enterprise Zone financial initiatives.

Section 1 – Core Criteria

Strategic Fit

Background

Snowdonia Aerospace Centre is located at Llanbedr Airfield in Gwynedd, North Wales. It is situated between Cardigan Bay and the mountains of Snowdonia. The site lies 6km to the south of Harlech and 10km north of Barmouth, close to the A496 coastal link road. Llanbedr Airfield is bound to the north by agricultural land and the River Artro Estuary, to the east by agricultural fields and the River Artro, and to the west by sand dunes. Shell Island campsite is located approximately 0.5km to the north west of the site. The southern part of the site comprises the Llanbedr Airfield runways, which extend for approximately 4km.

The airfield covers a total area of 228ha (562 acre) with three runways (including the UK's longest North-South runway at 7500ft), two large hangars and ancillary buildings. The site lies in an area with little development and a low resident population.



Snowdonia Aerospace Centre (SAC) at Llanbedr (Source: Welsh Government)

History

Llanbedr is a former Ministry of Defence (MoD) airfield, which was opened as an RAF camp in 1941 and subsequently used during World War Two. After the war, the site was used for pilot training and for the operation of unmanned aerial vehicles, at one time employing over 150 people.

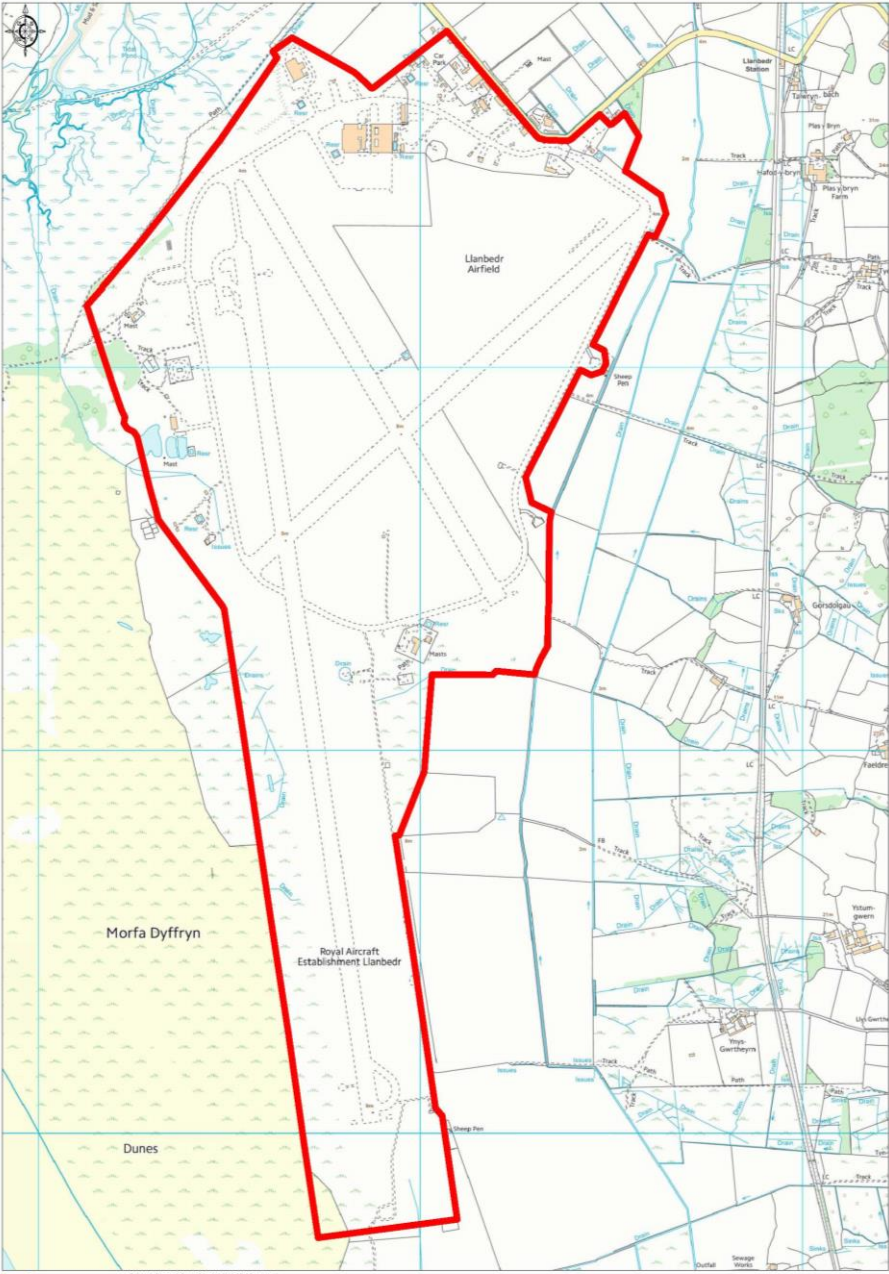
In 2004, the MoD ceased operations, leaving the site to be decommissioned and mothballed. The site was subsequently sold to the former Welsh Development Agency (now part of Welsh Government) and is currently leased on a long term basis to Snowdonia Aerospace LLP (formerly Llanbedr Airfield Estates LLP). The 125-year lease between Welsh Government and SAC restricts the permitted use of the site to Aeronautical Use and use within Classes B1, B2 and B8 of the Schedule to the Town and Country Planning (Use Classes) Order 1987. The Lease also requires the retention of the runways and airfield use. This current lease also imposes an obligation upon SAC to retain the former fire station for use for remotely piloted aircraft systems ('RPAS' or 'drones').

The site has specialised in unmanned aerial technology throughout its history and in early 2013, the then Welsh Government Minister for Business, Enterprise, Technology & Science confirmed the inclusion of the site within the Snowdonia Enterprise Zone for development as an Aerospace Centre. By designating the site as part of the Enterprise Zone, the Welsh Government intends to maximise the potential of the site as a Centre of Excellence for Remotely Piloted Aircraft Systems. At the heart of the National Park the Snowdonia Enterprise Zone is a priority area for the Welsh Government and the site has Tier 1 Area status meaning that some of the UK's highest levels of financial support can be available. The airfield has facilities which make it a prime test location for unmanned aircraft as part of the broader Wales Unmanned Systems environment.

[REDACTED]

[REDACTED]

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For illustrative purposes only. Plan Reference: GVA/SLP/01.

Site Plan (Source: SAC)

Recent Investment

Together, SAC and the Welsh Government has invested around £1.5m in key site infrastructure to establish Initial Operating Capability at Llanbedr. Investment at the site has included some hangar refurbishment, air traffic control (ATC) refurbishment, security arrangements and new fuelling capability, as well as installation of Ultrafast Broadband fibre across the site. This together with a UK first EE mobile trial, ensures that customers have world class internet and digital services together with 4G mobile coverage on demand. In summary, the £1.5m investment to date has included:

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Whilst the Welsh Government own the site and its assets, SAC benefit from a 125-year lease arrangement and is a private commercial company.

SAC funded the above works both privately, and some with match funding from the Welsh Government grant funding initiatives.

[REDACTED]

[REDACTED]

[REDACTED]

For clarity, none of the above works are to be used as match funding now as those works have been started or completed. Further proposed works to some of the premises subject to previous improvements involve separate works, to be delivered in addition and funded separately. A detailed description and images of the premises subject to investment to date are available at Annex B.

Current Activities

The site is currently utilised for a number of activities, which include:

- a) Research & Development;
- b) Testing and evaluation of Unmanned Aerial Vehicles (UAVs);
- c) Engineering and training; and
- d) Complementary aeronautical use and uses within Classes B1, B2 and B8 of the Schedule to the Town and Country Planning (Use Classes) Order 1987.

Whilst not presently undertaken at the site, it has planning permission for aircraft maintenance, repair and overhaul (MRO) including decommissioning / disassembly of aircraft (including the ability to store up to 20 large aircraft outside) and parts recovery.

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The airfield does not benefit from any licence to operate as an airport, and there is no aspiration from SAC or others to pursue any such required licence.

SAC typically supports between 8 and 15 companies at any one time, with established links with commercially-focused research universities including Bangor, Aberystwyth and Manchester, with specialist areas including ICT, Space, Electronic Engineering and Autonomous Systems. [REDACTED]

SAC continues to work collaboratively with Gwynedd Council (GC) and the Welsh Government (WG) to progress plans to develop the Snowdonia Enterprise Zone as an international centre of excellence for the next generation of manned and unmanned aircraft systems, with its associated aspirations to increase employment.

Problems, Objectives and Proposals

Notwithstanding progress made in recent years, there are three key factors which limit the ability of the site to fulfill its intended role in the Enterprise Zone:

1. The lack of good quality and appropriate on-site business accommodation;
2. Poor road access; and
3. The airfield currently operates under an 'Initial Operating Capability' (including when required a temporary danger zone) which limits ability of the site to cater for the requirements of RPAS and associated activities.

As a result of this, many of the above activities are currently undertaken on a temporary basis (e.g. testing campaigns) and many of the SMEs and jobs currently accommodated at the site are temporary and/or unrelated to aerospace.

To address current constraints and opportunities at the site, three elements of activity are proposed:

1. Refurbishment of premises, involving works to business accommodation, to help attract and realise the economic opportunities;
2. Access improvement, by way of direct connection to the proposed A496 Bypass, to remove physical barriers and enable the economic opportunities; and

[REDACTED]

[REDACTED]

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[Redacted text block]

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An SAC appointed works project manager would oversee the site works, which are expected to take place over a two-year period 2018-2020, at an estimated cost (salary) of £45,000 per annum. The works project manager would organise for a full appraisal and detailed specification of works as necessary.

Access (direct connection to the proposed A496 Bypass)

The existing A496 road access is heavily constrained at Llanbedr, with a pinch point Mochras Road/A496 junction requiring constricted turning movements, often further exacerbated by parked vehicles along the narrow road. Whilst the access constraint slows general traffic navigating the necessary junction movements, the arrangement also requires traffic management measures to be put in place in advance when a heavy goods vehicle is planned to use the route (to clear any parked vehicles restricting the already narrow route). Whilst an all year round problem, it is exacerbated even further during the summer months. Shell Island Causeway leads directly off the A496 to serve the Shell Island campsite, which extends for 300 acres and is the largest camping site in Europe. Traffic using the A496 peaks in the summer months, reflecting the high number of visitors to the campsite. The problem is such that traffic through the village of Llanbedr can be gridlocked at times (with peak delays of up to 60 minutes).

The access problem at Llanbedr also adversely affects the airfield in that the route is currently poorly suited to the HGV traffic essential to many existing and potential operators and visitors to the site. The site bears the road congestion problem and is in close proximity to Shell Island, thus directly experiences the delays caused by tourist traffic mixed with general users of the road network around Llanbedr.

To address the pinch point capacity and congestion problem in Llanbedr, Gwynedd Council has submitted a planning application (March 2017) for an A496 Llanbedr Bypass (ref. NP5/62/399). Supporting documents can be viewed on the local authority's website². The A496 Llanbedr Bypass is a committed Gwynedd Council scheme, which is expected to receive planning permission in early 2018.

The development of the bypass scheme has followed the Welsh Transport Appraisal Guidance (WelTAG) design process, which considered different options trying to solve the transport related problems. The WelTAG report is available on request and in summary, many alternative route options were considered at early stages which were narrowed down as part of the WelTAG initial planning stage to 23 different options. Those were then sifted to arrive at a short list of 7 options. Those 7 options were then appraised as part of the WelTAG process to arrive at a preferred option. Constraints associated with different options were considered, such as flooding, environmental designations, development restrictions such as railway lines, and properties.

For example, there are various properties in the location of the Mochras Road/A496 junction and along Mochras Road which would inhibit the scope for changes to the existing local road infrastructure within Llanbedr, where compulsory purchase and

² http://planning.snowdonia-npa.gov.uk/swiftlg_snpa/apas/run/WPHAPPCRITERIA.display

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demolition would be required to accommodate a widened or new road, likely attracting significant opposition from the public and stakeholders.

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Taking into account the existing constraints, the bypass scheme is considered to be the only reasonable, feasible and practical solution to the identified access problem. The conclusion of the appraisal process is that there are no other options for providing the necessary access improvement other than building the proposed scheme.

Subsequently detailed investigations and surveys into the proposed bypass have been undertaken in order to inform the design and collect environmental information to inform an Environmental Impact Assessment. In arriving at the proposed bypass scheme, the physical, social and economic context has informed the design principles. In addition to the context and the consultation comments/feedback the main design guidance used for the new road has been the design codes contained within the volumes of the Design Manual for Roads and Bridges (DMRB).

The A496 Bypass scheme runs north to south, to the west of the village and to the east of the Llanbedr Airfield (refer to Context Plan below). As such, it would sever access to Llanbedr Airfield without a direct access being provided.

A central interchange is proposed, which would allow direct access by road to and from the Llanbedr Airfield to and from the A496 Bypass. It is this direct access that forms part of the ERDF application only, in accordance with the eligibility requirements of Priority 4.4. The wider A496 Bypass funding is being secured outside of this application, by Gwynedd Council and the Welsh Government. The proposed allocation of ERDF funding is made clear in the Funding Package presented in the Financial and Compliance section of this Business Plan.

There would be no wider benefits envisaged beyond the direct access connection to the Llanbedr Airfield, given junctions would be provided to the northern and southern accesses of the village to the north and south of the A496 Bypass respectively. As such, ERDF funding would support the delivery of an element of the Bypass which has no other wider benefits than enhanced direct access connection to the public highway.

Whilst it would be possible for vehicles using the A496 Bypass to use the central interchange rather than the north or south interchanges for the purposes of accessing the village, those movements are not an intended function of the direct access connection and any wider benefits associated with those potential movements would be unintended consequences.

To be clear, the only function intended for the direct access connection that would be provided by the central interchange, is to connect the Llanbedr Airfield with the new road network as would be required by the A496 Bypass.



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[REDACTED]

[REDACTED]

[REDACTED]

Summary

In summary, the current access arrangements act as a constraint to the Snowdonia Enterprise Zone site at Llanbedr Airfield, and as such the existing road access not fit for purpose as a strategically important piece of infrastructure. The proposed A496 Bypass scheme would resolve the pinch point and congestion problem but would sever access to the site without a direct access being provided by way of a central interchange connection to serve the airfield and wider Enterprise Zone. ERDF funding is sought to help provide that direct access connection only. Works would be phased to ensure the Enterprise Zone is always connected to the public highway

The site connection and enhanced accessibility would provide the enabling infrastructure to help maximise the potential of the airfield and its business accommodation. In combination the works are required to help make the Snowdonia Enterprise Zone a success, attract investment, create jobs and reduce the claimant count in the travel to work area.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

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A496 Llanbedr Bypass and Snowdonia Enterprise Zone Direct Access Connection - Context Plan (Source: Gwynedd Council)

Project Activities and Costs

As outlined above, progressing the aspirations for improved and enhanced capability at Snowdonia Aerospace Centre requires the implementation of a number of strategic infrastructure improvements in and around the site. Capital and revenue investment is required including:

- a) Refurbishment of existing premises [REDACTED]
- b) The design and construction of the direct access connection [REDACTED]
- c) A full time works manager to coordinate the site works [REDACTED] and [REDACTED]
- d) A full time project officer role to manage and evaluate the total project delivery [REDACTED]

The total value of the ERDF-eligible project package is estimated to be £9.96m.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

| [REDACTED] | [REDACTED] | [REDACTED] |
|------------|------------|------------|
| [REDACTED] | [REDACTED] | [REDACTED] |
| [REDACTED] | [REDACTED] | [REDACTED] |
| [REDACTED] | [REDACTED] | [REDACTED] |

[REDACTED] could be released upon commencement of works as appropriate [REDACTED]

SAC will be funding its own contribution [REDACTED]

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It is acknowledged that the intervention rate for WEFO is above the average ERDF Axis 4 rate. That is because the maximum ERDF funding level available is £7.5m and match funding has been diverted to both ERDF eligible elements and wider infrastructure investment to benefit the operation.

Outside of this application for ERDF funding, [REDACTED] investing in the establishment of Full Operational Capacity for unmanned flights including the establishment of an updated air traffic zone and other licensing requirements, including onsite fire safety improvements. Gwynedd Council and the Welsh Government is also investing in the A496 Bypass road, to improve wider accessibility to the Enterprise Zone. Those investments sit outside of the ERDF eligible elements but will complement the ERDF operation and help facilitate additional investment, jobs and economic growth, in turn helping to reduce the claimant count.

The total cost of the package of works being funded and delivered as part of the wider project is around £21.73m. ERDF would represent 34.5% of that total cost.

Sylwadau gan [BNC(AC1): WELE SYLW 2

For clarity, those elements do not form part of the ERDF funding package value or associated funding application but would be complementary to the operation, helping justify the ERDF intervention.

A submission to Welsh Ministers to agree the availability of match funding from the Local Transport Fund and Central Funding Source was made in February 2018. Initial discussions and briefings as appropriate have already helped to identify the likely funding available from those Welsh Government sources, which has informed the development of the above funding sources and associated mix of investment.

By progressing the funding arrangements in the way presented above, the risks to funding approvals, eligibility requirements and associated approvals are reduced. That will benefit the ERDF operation by maximising the total funding package available to help contribute to the intended outcomes in supporting and creating jobs.

Alignment to Programme and Policy Objectives

Operational Programme Priority Objective 4.4

The Project seeks funding from ERDF Operational Programme Priority Axis 4: Connectivity and Urban Development. In particular, the Project is aligned to Specific Objective 4.4: To increase employment through investments in prioritised local or regional infrastructure supporting a regional or urban economic strategy. As explained in this section below, the project will contribute to the types of action to be supported:

1. Business sites and premises in strategic sites, including property development and land remediation;
2. Economically significant investments in Wales' physical infrastructure (built and natural/green). In particular, where a key component of integrated regeneration and economic development schemes (such as tourism, culture or heritage assets); and
3. Enabling infrastructure (e.g. local road investment improving access to a site) where an essential part of an integrated scheme delivering against the Specific Objective and result indicator.

The local area suffers from poor physical infrastructure and a lack of suitable or attractive premises for businesses as well as wider issues of low skills and economic inactivity. Significant challenges are faced by the Dwyfor Meirionnydd sub-region, including low wages and a high rate of part-time jobs. The area is also overly dependent on the agriculture and tourism sectors. Economic issues will be compounded by the decommissioning of Trawsfynydd Nuclear Power Station, which has exacerbated the claimant count.

The project is eligible for EDRF Objective 4.4 funding because it will:

- a) Improve on-site buildings through refurbishment to provide the high quality work space required by modern aerospace companies;
- b) Provide a new fit-for-purpose access, which avoids the pinch-points and restrictive physical features of the current road layout through the village of Llanbedr, which currently prevents some vehicles accessing the site; and
- c) Create the additional infrastructure required to better accommodate existing operations and help facilitate additional investment, jobs and economic growth.

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Taking into account the needs of the local area, in particular the project aligns to the Programme as follows:

- a) Investments in physical infrastructure will help drive regeneration and employment growth. It will help stimulate further investments in the area and region, in particular through inward investment and greater involvement of the private sector;
- b) The project would not only help accommodate jobs and increase productivity but will be an enabler through the improvement of the attractiveness of the site; and by doing so attract further private investment to help drive employment growth;
- c) Developing assets to meet the demands of growing sectors and clusters (the capacity to accommodate a range of both airside and complementary non-airside uses and the potential to significantly increase Wales' Remotely Piloted Aircraft Systems (RPAS) capability);
- d) Improving connectivity by removing an identified bottleneck in the network will help address issues of peripherality and seek to better link a growth centre in the programme area to markets and improve access to employment opportunities across the region;
- e) The project would support a range of aerospace activities with associated employment benefits in the testing, advanced materials and manufacturing, research and development operations associated with those activities. The site would better accommodate existing SMEs, attract new SMEs, and support the supply chain opportunities in the local area and beyond;
- f) In the medium term, the investment would benefit the wider region, and indeed Wales, and into the wider supply chain. There would be an increased demand for skilled labour, helping reduce the claimant count and contributing to GDP; and
- g) Visitor numbers are expected to increase to the region, and increased accessibility to/from Llanbedr and its Enterprise Zone would help attract investment and support the local and regional economy.

Specifically, the project would contribute towards the specific objectives of the Programme, with the anticipated direct outputs of the project expected to include:

- Land developed = 34ha (the number of hectares of brownfield land developed);
- Premises refurbished = 15,265m² (the number of metres squared of building space refurbished in gross external floor area excluding areas used for car parking or external landscaping);
- Jobs accommodated = 165 [REDACTED] located at any one time following completion of building refurbishment works); and
- SMEs accommodated = 31 [REDACTED] potentially located at any one time following completion of building refurbishment works).

Economic Prioritisation Framework

We understand that Structural Funds should be used to add value to existing investments. An economic prioritisation framework (EPF) has been developed to help guide the use of EU funds over the 2014–2020 programming period and it provides a summary of different investments being made across Wales.

The project would align strongly with the key demand drivers and existing capabilities set out in the Economic Prioritisation Framework. One of the EPF's core activities to be funded through EU programmes is targeted integrated investments in Enterprise Zones. It also supports knowledge infrastructure activities with schemes encouraging collaborative research between academia, research institutions and businesses. In addition, it encourages schemes promoting greater levels of business innovation across all sectors and targets investment in the development of emerging specialisations and clusters.

Relevant to this project, the EDF identified advanced manufacturing as a Thematic Economic Opportunity, explaining that key markets exhibiting regional and / or global growth include aerospace.

The EDF identifies the Snowdonia Enterprise Zone and the Llanbedr Aviation Centre and Enterprise Park as a pipeline investment, which has the capacity to accommodate a range of both airside and non-airside uses and the potential to significantly increase Wales' Remotely Piloted Aircraft Systems (RPAS) capability.

The EDF acknowledges the development of Snowdonia Enterprise Zone's Llanbedr Site to become a centre of RPAS Excellence as a key North Wales economic opportunity, also recognising potential investments from anchor companies, including those in aerospace (wing technology, MRO and RPAS) and automotive (power systems, low carbon technologies, chassis and body components) industries. The EDF sets out that the Advanced Materials and Manufacturing Industry Wales body will support the Welsh Government's interaction with key BIS departments and through this, appropriate responses and solutions will be developed around those identified key sectors and initiatives such as the Aerospace Technology Institute (ATI) with the National Aerospace Technology Exploitation Programme (NATEP).

Prosperity for All: The National Strategy

The Welsh Government's Programme for Government, Taking Wales Forward, outlines the commitments it will deliver over the next 5 years to help drive improvement and make the biggest difference to the lives of everyone in Wales.

In September 2017, Welsh Government has launched Prosperity for All: The National Strategy, which sets out in more detail how it will deliver those commitments within the long-term context of working within the wider Welsh public service to lay foundations towards achieving prosperity for all.

The project would contribute to at least two of the four key themes forming the strategy:

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- Prosperous and Secure – helping to drive a Welsh economy which spreads opportunity and tackles inequality, delivering individual and national prosperity. The project would help enable people to fulfil their ambitions and enhance their well-being through secure and sustainable employment. The project would help break down the barriers many face to getting a job, and create the right environment for businesses to grow and thrive.
- United and Connected – The project would help people take pride in their communities, and in the Welsh identity and language, by creating employment in the local area and promoting equal opportunities. The project would help the economy to grow, and support the development of a local supply chain and wider regional cluster.

The project would also contribute to the priority area of Skills and Employability skills, by improving chances of getting fair, secure and rewarding employment, and developing a stronger skills base in Wales focused on innovative and emerging industry, helping to attract new businesses and growing existing ones to improve prosperity.

The site meets the definition of previously developed land (i.e. it is not a greenfield site) and concurs with the aims of Planning Policy Wales (i.e. the presumption in favour of sustainable development).

The aerospace and RPAS sector

The Welsh Government has identified nine priority sectors which are, or have the potential to be, key to the economy of Wales. These are: advanced materials and manufacturing; construction; creative industries; energy and environment; financial and professional services; food and farming information and communication technology; life sciences; and tourism. Government support is focused on these sectors, as part of a wider strategic approach which aims to create a vibrant Welsh economy that delivers strong and sustainable growth and provides opportunities for all³.

The sector delivery plan for the advanced manufacturing and materials sector identifies major challenges to Welsh manufacturing including low cost competition and technological change. Opportunities for growth are therefore likely to be in high value-added subsectors and technology-based solutions, where Wales can compete against relatively low labour rate economies such as the BRIICS countries (Brazil, Russia, India, Indonesia, China and South Africa). The plan identifies a number of key subsectors in which Wales has strengths in capacity and capability, including aerospace and defence where there are particularly strong existing clusters⁴.

³ Welsh Government, Department for Business, Enterprise, Technology and Science. Sectors Delivery Plan. Available online at: <http://gov.wales/docs/det/publications/130125deliveryplanen.pdf>

⁴ Welsh Government, Department for Business, Enterprise, Technology and Science. Sectors Delivery Plan. Available online at: <http://gov.wales/docs/det/publications/130125deliveryplanen.pdf>

Snowdonia Enterprise Zone

Snowdonia Enterprise Zone was established by Welsh Government in May 2012. Since 2012, Gwynedd Council have been working together with Welsh Government to facilitate the development of two of Meirionnydd's key strategic sites – Trawsfynydd Nuclear Site and Snowdonia Aerospace Centre, Llanbedr. These sites are part of Welsh Government's Snowdonia Enterprise Zone, and their development is guided by a board of experts. The Board's priority is developing the local and regional supply chain to support the future of the site and improve Meirionnydd's economic prospects.

Snowdonia Enterprise Zone has some of the highest levels of financial support available in the UK, as a designated Tier 1 area. Finance Wales offers loans at reduced rates to eligible SMEs located in all Welsh Enterprise Zones. The Welsh Government Business Support Team also advises on how businesses can access financial incentives plus support and finance for innovation, growth, capital projects, international trade, skills development, ICT and e-business.

The Enterprise Zone is helping to facilitate skills and academia benefits. The Resource Group in South Wales provides specialist RPAS foundation training, while a number of Welsh universities conduct RPAS-related research, including the University of South Wales' Cognitive Robotics Research Centre and Aberystwyth University has been applying their knowledge of model-based reasoning for engineering applications within the UAV sector. Aberystwyth also has expertise in the field of Earth Observation and Ecosystems Dynamics using remotely-sensed data.

For the Snowdonia Enterprise Zone Board, the priority is now on creating sustainable long term employment opportunities in Meirionnydd, North Wales and beyond, building on the opportunities at the Llanbedr site, and for spreading the word world-wide about the unique possibilities at Snowdonia Aerospace Centre. There is the unique prospect to develop the advanced manufacturing cluster around Llanbedr and support SMEs with aerospace related supply chain opportunities. That would benefit not only the local communities, but North Wales and beyond.

Chair of Snowdonia Enterprise Zone Advisory Board John Idris Jones has stated: "We know that these are challenging times for Meirionnydd, with limited private sector investment combined with the loss of decommissioning jobs at Trawsfynydd. Snowdonia Aerospace Centre offers real potential for sustainable, well paid jobs going forward and the public and private sector partners are pulling together to grasp the opportunity."

From the inception of the zones in 2012/13 there has been major investments in enabling infrastructure, development sites, offices and manufacturing units across Wales. Investment into the Snowdonia Enterprise Zone is helping support the development of skills, the capacity for research and development with the long term aim of creating and safeguarding new jobs for the area.

Without continued investment at Llanbedr, which is the primary employment opportunity in the Snowdonia Enterprise Zone, there is a significant risk of it failing to achieve its strategic objectives.

A Growth Vision for the Economy of North Wales

The importance of the project to the region is reflected in the fact that it is a strategic priority for the North Wales Economic Ambition Board, as is evidenced in the 'A Growth Vision for the Economy of North Wales' Infrastructure Plan.

The North Wales Economic Ambition Board have set out a growth vision for the economy of North Wales (July 2016) aiming to:

- Improve its economic, social, environmental, and cultural wellbeing;
- Support and retain young people in the region's communities;
- Address worklessness and inactivity across the region; and
- Support and enable private sector investment in the region to boost economic productivity and to improve the economic and employment performance of North Wales.

It sets out that the advanced manufacturing cluster in the region will be highly competitive on the global stage. In particular, it supports the region as a hot-bed of activities in the advanced manufacturing cluster, building on a strong network of anchor companies with international profile and a competitive edge in aerospace. It explains anchor companies should be supplied by SMEs within the region with a reputation for high quality, whilst the cluster would benefit from a portfolio of well serviced development sites as well as the availability of applied knowledge assets and facilities. It also outlines that growth in this cluster will be driven in particular by Enterprise Zones.

Llanbedr Airfield and its Snowdonia Enterprise Zone designation would clearly contribute significantly to achieving that vision for the economy of North Wales. With SAC and QinetiQ providing the knowledge assets and facilities, there is a key development opportunity for SMEs to help establish the advanced manufacturing cluster as a Centre of Excellence for RPAS and complementary aerospace activities.

The project will result in a decrease in the claimant count rate in travel to work areas, both by creating direct jobs on site, but also (and to a larger extent) by bolstering the supply chain across North Wales, creating indirect jobs both within the aerospace industry, and its supporting services. Facilitating the future development planned at the site would further leverage economic and social benefits, aiming to drive the claimant count rate down even further as the Enterprise Zone realises its potential economic development related benefits.

Those benefits would only be realised should the project proceed to help facilitate the investment required to enable full operational capability with associated operational enhancements and planned future development.

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It is recognised that there is a disparity between growth in the east and west of north Wales, with the east tending to be more prosperous, building on the presence of international companies such as Airbus. The Ambition Board, however, has recognised that any interventions for growth, outlined in its Growth Strategy, such as this project, must work to distribute wealth across the region. Snowdonia Enterprise Zone, and Snowdonia Aerospace Centre within it, is seen as a key lever to achieve this as part of a wider supply chain.

Gwynedd Council Plan 2017/18

The Council supports this work as part of its commitment to support any development which might bring well paid jobs to Gwynedd, and Meirionnydd in particular, as noted in the Gwynedd Council Plan 2017-18. As part of the work, the Council coordinates an Oversight Board for each of the sites which includes representatives of the organisations which are key to their development.

Whilst the site lies outside of the local planning authority area of Gwynedd Council, Gwynedd Council's Joint Local Development Plan (2011 – 2026) recognises Llanbedr is a key site in the Snowdonia Enterprise Zone and its importance to the unmanned air system industry.

Local Development Plan (LDP)

The Snowdonia National Park Authority published its LDP in 2011, which recognised that "In recent years there has been a reduction in major employers, such as the defence research establishment at Llanbedr". The National Park Authority is required to review the Eryri LDP at 4 yearly intervals. The Authority has prepared deposit proposals documents and the associated consultation period came to an end on 30 August 2017. Adoption of the Revised LDP is expected in Spring 2018. The proposed Deposit LDP updates the adopted LDP to explain: "The designation in 2012 of the Snowdonia Enterprise Zone on sites in Trawsfynydd and Llanbedr has the potential to create new sustainable employment opportunities".

The Deposit LDP outlines that the Authority is supportive of the development of the Enterprise Zone and that a priority is developing the local and regional supply chain to support the future of the site and improve Meirionnydd's economic prospects. It explains that: "The designation of the SEZ provides the Authority with a unique opportunity to support the provision of new employment within the National Park. The Authority considers that the SEZ can assist in delivering one of the objectives of the ELDP, which is to provide employment opportunities to support sustainable local communities."

The support of the Authority is recognised through Development Policy 27 and corresponding proposals map allocation, which includes specific provision for the site alongside a series of over-arching development principles. The LDP allocation for Llanbedr corresponds with the SEZ designation, and an area of approximately 29.6 hectares has been identified within the emerging draft LDP review as the focus for new development at the site. The Welsh Government, Snowdonia Aerospace and the National Park Authority will work closely to develop an outline masterplan to guide new development on the site.

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A joint Welsh Government and Snowdonia Aerospace Centre response to the consultation supports the allocation and recommends some amendments. SAC clarify that within the new Local Development Plan for the area a proposed 29.6ha of bare land at the airfield has been put forward for designation of new aerospace and employment development. That land is scheduled to be developed over a 15-year period

Collaboration and partnership working

Engagement with stakeholders

Gwynedd Council act as secretariat for an Oversight Board which meets every six months to discuss the development of the site. The Group is chaired by the local AM (Lord Dafydd Elis-Thomas), and has representation from Welsh Government, the local County Councillor, the Community Council, SAC, Gwynedd Council, Snowdonia National Park Authority and the Snowdonia Enterprise Zone Board. Although she cannot attend, the Local MP (Liz Saville Roberts) is kept briefed regarding the development of the site and is fully supportive. She is aware of the needs and aspirations of the local communities in the region and North Wales, and as such has a vested interested in how the site could achieve its potential in contributing to economic development, jobs, skills and innovation.

The Oversight Board continues to engage with the North Wales Economic Ambition Board, as well as trade bodies including Aerospace Wales, to help progress the aspirations for the site and working towards the growth vision for the economy of North Wales. The Oversight Board also continues to engage with the Welsh Government sector teams, given the contribution the site makes to the Welsh aerospace sector, and the potentially significant contribution it could make in establishing Wales as a global leader in advanced manufacturing with its aerospace capabilities and supply chain opportunities.

The National Park Authority is working in close co-operation with the Snowdonia Enterprise Zone Board in identifying development opportunities and will continue to work closely with them, along with those with land interests in the Enterprise Zone.

Public and other stakeholder engagement is considered an important aspect of the site development process since it helps enable interested parties to be involved with the decision-making process and helps to ensure that the issues most relevant to the study area are considered. For example, in order to help ensure that the views of the local public were fully considered within the planning of the A496 Access Improvement, participation events were held on 5 June 2014, 2 October 2014, 6 November 2014, 2 June 2015, and 17 March 2016.

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Feedback helped inform the design and planning application, as is set out in the Design and Access Statement that accompanies the application (ref. NP5/62/399).

Other stakeholder events that have taken place or that are planned include:

- A Stakeholder Group was held over the duration of the A496 WeITAG study, where partners (Welsh Government, Gwynedd Council and SAC) met with representatives of the Community Council and the Local County Councillor four times over the course of option development to help inform decision making;
- A Schools event in 2014 brought 60 Year 9 pupils from local secondary schools to Llanbedr Airfield, to hear about opportunities in aviation, RPAS and wider engineering, advanced materials and manufacturing, taking part in learning activities;
- A further Schools event is being planned, on the theme of an RPAS Summer School in 2018;
- The IMechE challenge⁵ was held at Llanbedr Airfield earlier in 2017 and a further Schools event is being planned to tie in with the staging of the 2018 IMechE challenge, which will be hosted at Llanbedr Airfield again; and
- Multiple presentations have been made to the Community Council and are ongoing, to help keep members updated about the site and its development.

Summary

There is a clear need for the project to help create jobs, support economic development and allow the Snowdonia Enterprise Zone to achieve its potential.

The project aligns to the ERDF Operational Programme Priority Axis 4: Connectivity and Urban Development Specific Objective 4.4: To increase employment through investments in prioritised local or regional infrastructure supporting a regional or urban economic strategy.

The project would align strongly with the key demand drivers and existing capabilities set out in the Economic Prioritisation Framework.

The project aligns to national, regional and local policy, which supports the development of aerospace related employment, acknowledging the unique and significant opportunities presented by the RPAS Centre of Excellence at Llanbedr.

The importance of the project to the region is reflected in the fact that it is a strategic priority for the North Wales Economic Ambition Board, as is evidenced in the 'A Growth Vision for the Economy of North Wales' Infrastructure Plan.

⁵ <https://www.imeche.org/events/challenges/uas-challenge/about-uas-challenge>

Delivery

Delivery Model

Gwynedd Council is acting as the funding applicant and would be the lead beneficiary, retaining overall financial and legal responsibility for the operation. Gwynedd Council would be responsible for delivering actions as part of the project.

The Welsh Government owns the freehold interest at Llanbedr Airfield but day to day operations and further investment are the responsibility of the long term leaseholder, SAC. The Welsh Government are therefore not formally involved in project delivery but would remain a close partner in helping steer the proposed work. The Welsh Government would act as part funder only, but continue to work collaboratively with key stakeholders to support the successful delivery of the project, and to promote and support its Snowdonia Enterprise Zone.

SAC as the long term leaseholder and operator of the site would be a joint beneficiary, responsible for delivering actions as part of the project.



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Financial & Compliance

Project Costs

The costs for the project are distributed between the access improvement works and premises refurbishment works that are eligible for ERDF funding.

In addition, Gwynedd Council propose a full time Project Manager staff role to manage the project (only for the delivery of the project for the three-year period 2018-2020) at a cost of £43,000 per annum. That salary is in accordance with the relevant pay grade at Gwynedd Council, to carry out employment based on the job description provided at Annex E.

The Gwynedd Council Project Manager would also oversee the evaluation of the project, and commission an external Evaluation and Economic Impact Assessment to be undertaken in 2021/2022.

The Refurbishment Works Manager would:

- a) manage the day to day working, utilisation, implementation of contractors engaged within the project;
- b) plan and define the scope of the works for each individual building reflective of their proposed use;
- c) plan and sequence the contractors and works to minimise risk and assist in planned timescale compliance;
- d) develop schedules for each contractor and works for each building;
- e) provide updated time and cost estimates;
- f) maintain and ensure compliance of appropriate documentation (including risk assessments, insurances, Health & Safety etc.);
- g) review risk analysis and mitigate against risks;
- h) undertake quality control and sign off completed units as they become available.

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SAC's Works Manager would oversee the construction contracts on site, whereas the Gwynedd Council Project Manager would manage the ERDF funding process, compliance, administration and manage contracts between partners.

In summary, capital and revenue investment is required including:

- a) Refurbishment of existing premises = [REDACTED]
- b) The design and construction of a new site access⁷ = [REDACTED]

[REDACTED] A full time works project manager to coordinate the on-site works [REDACTED]
[REDACTED]

[REDACTED] A full time officer role to manage and evaluate the project [REDACTED]
[REDACTED]

The value of the ERDF funding package is estimated to be £9.96m.

The estimated costs are subject to change, taking into account the need for procurement of goods and services. Surveys would also help determine expenditure, for example in relation to the treatment of any asbestos by a specialist contractor following a buildings condition survey as part of the premises refurbishment costs.

[REDACTED]
[REDACTED]
[REDACTED]

[REDACTED]
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[REDACTED]

Estimated costs have been derived relying on the expert advice of Gwynedd Consultancy in relation to the design and construction of the access improvement; and from SAC in relation to the refurbishment of premises.

⁷ The Direct Access Connection to the Airfield and its Snowdonia Enterprise Zone to/from the proposed A496 Bypass.

⁸ In accordance with Gwynedd Council's Local Authority pay grades, we would consider this role to be at 'PS1' level, which would cost approximately £43,000 per year. The role would run from 2018 to 2020. In addition, that role would oversee the evaluation of the project, with an Evaluation and Economic Impact Assessment to be undertaken in 2021/2022 at a cost of around £20,000.

⁹ http://portal.cbre.eu/portal/page/portal/uk-en/services/buildingconsultancy/quantity_surveying/Cost%20Update%20Q1%202014.pdf

Funding Package

Of the application value of £9.96m, WEFO EDRF funding of £7.5m is sought.

Match funding would be provided as follows (contributions subject to change subject to finance applications and associated agreements):

- Gwynedd Council would contribute £0.5m; and

[REDACTED]

Gwynedd Council has ring-fenced £500,000 funding for the project.

SAC has confirmed that its contribution will be provided [REDACTED]

It is acknowledged that the intervention rate for WEFO is above the average ERDF Axis 4 rate (~65% increasing to ~75%). That is because the maximum ERDF funding level available is £7.5m and match funding has been diverted to both ERDF eligible elements and wider infrastructure investment to benefit the operation:

[REDACTED] Outside of this application for ERDF funding, the SAC and Welsh Government will be investing in the establishment of Full Operational Capacity for unmanned flights including the establishment of an updated air traffic zone and other licensing requirements, including onsite fire safety improvements. [REDACTED]

- Gwynedd Council and the Welsh Government is also investing in the A496 Bypass road, to improve wider accessibility to the Enterprise Zone. A submission to Welsh Ministers to agree the availability of match funding from the Local Transport Fund and Central Funding Source was made in February 2018. Initial discussions and briefings as appropriate have already helped to identify the likely funding available from those Welsh Government sources, which has informed the development of the above funding sources and associated mix of investment.

Those investments sit outside of the ERDF eligible elements but will complement the ERDF operation and help facilitate additional investment, jobs and economic growth, in turn helping to reduce the claimant count.

The total cost of the package of works being funded and delivered as part of the wider project is around £21.73m. EDRF would represent 34.5% of that total cost.

However, it is acknowledging that WEFO will take into account the proposed 75% intervention rate for the eligible elements forming part of the ERDF package value.

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All other funding options have been exhausted, but the funding mix represents public and private sector sources, utilising all available funding mechanisms.

The level of EU structural fund financial support required is therefore the minimum necessary for the proposal to proceed.

The project elements are expected to be allocated funding as follows:

State Aid

State Aid advice in relation to the project has been discussed with the Welsh Government's internal State Aids unit.

Independent State Aid advice has been procured and provided by experts at Geldards Law LLP. The conclusions of that advice are:

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Section 2 – Further Criteria

Further Strategic Criterion: Cross Cutting Themes

The Cross Cutting Themes (CCTs) also referred to as horizontal themes are issues that touch on general principles such as democracy, equality, sustainability and good governance. For the 2014-2020 programmes, the CCTs are Equal Opportunities and Gender Mainstreaming, Sustainable Development and Tackling Poverty and Social Exclusion. The aim of the Cross Cutting Themes (CCTs) is to improve the quality and the legacy from each of the operations supported by the Structural Funds and to add value to programmes as a whole.

The Welsh Government has developed policies across the range of its statutory responsibilities including Sustainable Development, Equality and Diversity and also Tackling Poverty. How the project would contribute to these policies and responsibilities is set out below.

Equal Opportunities

The Welsh Government launched its Strategic Equality Plan (2012-16) and equality objectives on 2 April 2012. These highlight how the Welsh Government is fulfilling its legal obligations as well as its strong commitment to equality and inclusion. The Strategic Equality Plan was developed in-line with public sector equality duties under the Equality Act (Statutory Duties) (Wales) Regulations 2011.

The Equality Act 2010 places a duty on the public sector, known as the public sector equality duty (PSED), which states that public authorities must have due regard to the need to:

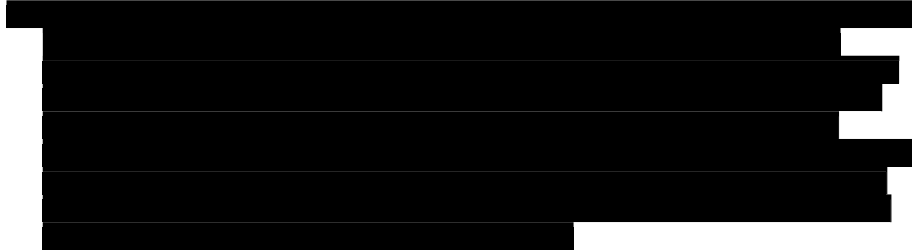
- Eliminate discrimination, harassment, victimisation and any other conduct that is prohibited under the Act;
- Advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it; and
- Foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

Gwynedd Council is committed to equal opportunity, equal access and positive outcomes. The Council aims to ensure that organisations that provide services on behalf of the Council comply with equal opportunities legislation and promote equality of opportunity. The Council also aims to encourage those organisations and individuals with which it does business to observe and adhere to the principles contained within the Council's Equal Opportunities Policy. Copies of this policy can be found on its website: www.gwynedd.gov.uk.

In line with its Equal Opportunities Policy, the improved access, premises and employment opportunities in the aerospace sector and its supply chain would contribute to addressing this cross cutting theme in the following ways:

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- a) As far as practicable, refurbishment of premises will be undertaken in accordance with modern building regulations such that accommodation is accessible for all.



- c) SAC and QinetiQ's relationship with Harlech College, University research departments and RPAS research institutions would support Research, Development and Innovation activities, which seek to open up employment and training opportunities for individuals and supporting independent living.
- d) By better accommodating jobs, SMEs and facilitating economic development with employment opportunities in the region, the project would help retain local people and Welsh language skills, and would support opportunities to promote and facilitate the use of the Welsh language as part of its relationship with the Welsh Government Enterprise Zone. Gwynedd Council and SAC are encouraged in the recruitment of Welsh speaking staff, the need to retain a suitable number of Welsh speaking staff throughout the lifetime of the project to deliver the actions as well as the ability to recruit and interview through the medium of Welsh. All materials, websites and publicity aimed at the public would continue to be made available in accessible and bilingual formats.
- e) Wherever possible, Gwynedd Council and SAC would work with contractors to incorporate a social clause / community benefit scheme, which offer some form of re-investment into the community via work experience / trainee placements and employment opportunities, invests back into the local community.
- f) Gwynedd Council and SAC would sign up to the Code of practice: Ethical Employment in Supply Chains. The code commits public, private and third sector organisations to a set of actions that tackle illegal and unfair employment practices.
- g) On the 6th of April 2017 Gender Pay legislation was introduced, which requires voluntary, private and public sector employers with 250 or more employees to publish statutory calculations every year showing how large the pay gap is between their male and female employees. Gwynedd Council would continue to, as an eligible authority, publish their data. To contribute to the agenda, it would continue to work in accordance with its commitment to equal opportunities.

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There is also a range of legislation that underpins the equality agenda, which Gwynedd Council and SAC as beneficiaries would take into account as part of its activities, including:

- The Equality Act 2010 (Age, Disability, Gender Reassignment, Marriage and Civil Partnership, Pregnancy and Maternity, Race and Ethnicity, Religion and Belief, Sex / Gender and Sexual Orientation);
- Public Sector Equality Duty (including the Specific Equality Duties in Wales);
- National Assembly for Wales (Official Languages) Act 2012;
- Welsh Language (Wales) Measure 2011;
- Welsh Language Act 1993;
- s35(2) Government of Wales Act 2006;
- United Nations (UN) Convention on the Rights of the Child (UNCRC) and Rights of Children and Young Persons (Wales) Measure 2011; and
- United Nations Convention on the Rights of Persons with Disabilities (UNDRDP).

Sustainable Development

In September 2016, Welsh Government launched its five-year Programme for Government, Taking Wales Forward. The Programme of Government sets out the Welsh account of sustainable development, namely an emphasis on social, economic and environmental well-being for people and communities; embodying our values of fairness and social justice.

The document set out how the Government intended to deliver more and better jobs through a stronger, fairer economy, improve and reform our public services, and build a united, connected and sustainable Wales. In September 2017, Welsh Government has launched Prosperity for All: The National Strategy, which sets out in more detail how it will deliver those commitments within the long-term context of working within the wider Welsh public service to lay foundations towards achieving prosperity for all.

The Strategy lists five cross-cutting priorities that Welsh Government believes have 'the greatest potential contribution to long-term prosperity and wellbeing' and to 'realise the full potential of the Wellbeing of Future Generations Act', including 'Skills and employability'. The Wellbeing of Future Generations Act (2015) strengthens existing governance arrangements for improving the well-being of Wales to ensure that present needs are met without compromising the ability of future generations to meet their own needs. That priority seeks a common approach to identifying the needs of the individual as part of a new approach to employability and sets out that a tailored community outreach will be given to those facing multiple barriers to work.

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The project will contribute to the wellbeing of future generations and its sustainable development principle as follows:

- a) The project would accommodate jobs and attract investment to support additional employment and economic development, contributing to economic prosperity.
- b) The project seeks to establish and expand the aerospace sector in Wales, supporting the need for creative, highly skilled and adaptable people. Creating job opportunities in this industry and supporting services will encourage lifelong learning in an innovative industry, supporting young people to fulfil their potential in an area of existing low wages, high rate of part-time jobs and overdependence on the agriculture and tourism sectors.
- c) SAC are exploring the development of a Spectrum Innovation Centre (SPICE) at Aberystwyth University, in partnership with QinetiQ and Ceredigion Council/Welsh Government, aiming to help develop its research and development offer.

█ The project would help develop a supply chain with support services, including manufacturing, research, accommodation and other facilities. That in turn will help support communities and build the future capacity of local communities. Beneficiaries should seek to develop local supply chains. █

- e) Helping accommodate existing and additional jobs would contribute to providing local people with employment, keeping young people in the region, and in turn helping promote and facilitate the use of Welsh and improve the planning of Welsh language provision.
- f) The refurbishment of the premises would bring the existing vacant or buildings in disrepair into modern and safe standards, providing high quality business █
█ quality of the refurbishments will be so to provide working environments fit for future generations. The refurbishment of poor quality and vacant premises to modern and efficient standards would help the organisations' contributions to carbon emissions by reducing the amount of energy lost/used. Once a building is operational, an energy efficiency premises plan should be produced and implemented. This plan will outline actions that need to be taken to reduce energy use including switching off all unnecessary heating, lighting and unused appliances. This in itself would provide economic savings.
- g) Materials and labour will be sourced from local suppliers where practicable.
- h) The local access improvements will help connect communities and improve access to the Enterprise Zone and its employment opportunities. To help promote the use of sustainable transport, SAC would promote awareness of existing public transport options by providing their staff with travel information detailing the public transport services serving the Snowdonia Enterprise Zone.

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■ The Environment Act received Royal Assent on 21 March 2016. This positions Wales as a low carbon, green economy, ready to adapt to the impacts of climate change. Other UK environmental legislation is applicable, including those related to taking reasonable steps to protect and in enhance biodiversity. ■

j) The Welsh Government plans to ensure that Wales leads the way in sustainable waste management through the overarching strategy document “Towards Zero Waste”. It explains that any existing buildings or infrastructure on-site should be re-used if possible. The refurbishment of existing buildings on the site clearly supports this approach. Where reused materials are not available, recycled material sources should be explored. Targets for the percentage of secondary materials used in construction should be adopted and monitored by the operations beneficiary. WEFO as part of the Welsh Government requires that a minimum of 10% of the total value of materials used should derive from recycled and reused sources. Gwynedd Council and SAC would work in accordance with that requirement.

k) In terms of climate change mitigation and adaptation, the Welsh Government is committed to tackling both the causes and consequences of climate change and has set a target to reduce emissions by 3% per year in areas controlled by the Welsh Government. The Welsh Government is committed to developing a robust method to monitor and evaluate the performance of climate change adaptation and its achievement. Flood risk has been identified to be a barrier to future development on the site in some locations (see Strategic Case), and mitigation would be required in collaboration with NRW should any development plans be proposed in the future. There is a strategic flood risk issue on the adjacent coast, for which NRW are the responsible authority to ‘protect the line’. Operations on site would consider climate resilient infrastructure (where appropriate) at design stage. For example, green infrastructures such as green roofs and blue infrastructure such as porous paving as well as sustainable urban drainage systems (SUDS), could play role in creating climate-resilient development as part of future development plans.

l) The use of UAVs, in particular drones, is typically a low carbon activity. Any increased flight activity and potential impacts on carbon and climate change would be mitigated with the continuing improvement in vehicle emissions technology. In addition, Welsh Government and Gwynedd Council have ongoing commitments to take immediate action to cut and sequester greenhouse gas emissions in its service delivery to help keep future climate change impacts to manageable levels.

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Gwynedd Council is committed to protecting the environment and ensuring a better quality of life for everyone now and for future generations. To promote this the Council has adopted a Sustainable Development Action Plan to improve its environmental and social performance as part of the Community Strategy. The Council expects its contractors to meet similar levels of environmental care and commitment. It's Sustainable Procurement Policy and Community Strategy can be viewed at: www.gwynedd.gov.uk.

Tackling Poverty

Tackling poverty and social exclusion is a Welsh Government and Gwynedd Council commitment, which will focus on actions to create employment and progression opportunities and will help people to access those opportunities.

The project and its beneficiaries would seek to achieve some of the key tackling poverty objectives for the Welsh Programmes as follows:

- Focus on the creation of jobs and growth providing employment opportunities for those who are out of work (for example through increasing the competitiveness of SMEs);
- Tackling barriers to employment (for example, addressing poor skills, complemented by addressing transport barriers to accessing employment through the ERDF); and
- Focusing on growth (for example through support for key knowledge-based sectors through the ERDF, aligned with skills development interventions enabling those experiencing in-work poverty to access more highly-skilled, better paid jobs).

The provision of improved access, refurbished premises and new infrastructure and licencing to support Full Operating Capability at the site would clearly contribute positively to the key tackling poverty objectives. It would:

- a) Would accommodate and increase the competitiveness of SMEs;
- b) Create employment opportunities and facilitate economic growth;
- c) Facilitate learning/training opportunities in more highly-skilled and better paid jobs in an existing area of need; and
- d) Address existing barriers to access and the employment opportunities at the SAC.

Public Sector Staff Support

A full time officer role would be provided and is included in the list of expenditure as outlined in the costs (see Strategic Case) and Financial and Compliance section. In accordance with Gwynedd Council's Local Authority pay grades, we would consider this role to be at 'PS1' level, which would cost approximately £43,000 per year. In order to help ensure the role is available to progress the project through the mobilisation stage through to a 6-month post spend complete stage (to assist with monitoring and evaluation etc.), the role would run from 2018 to 2020. An extension to 2021 would be considered in the event of an unlikely programme overrun, still well in advance of the end of 2022 WEFO deadline for spend of ERDF. Gwynedd Council is an equal opportunities employer. As set out in its procurement guidance, Gwynedd Council is fair, non-discriminatory, professional and transparent¹⁰.

Indicators and Targets

Below is the list of project level indicators which have been identified to date but these can be added to if additional activity is delivered. These will help evaluate performance during and after the project:

Equal Opportunities and Gender Mainstreaming

- a) Positive action measures supporting women;
- b) Positive action measures supporting BME people;
- c) Positive action measures supporting young people;
- d) Positive action measures supporting older workers;
- e) Positive action measures supporting disabled people;
- f) Positive action measures supporting other;
- g) Activities which challenge occupational segregation;
- h) Equal Pay activity;
- i) Activity supporting female participation in STEM;
- j) Activity promoting the Welsh language and supporting Welsh speakers;
- k) Disability Access Group engagement; and
- l) Workplace health programmes supported.

¹⁰ <https://www.gwynedd.llyw.cymru/en/Businesses/Documents-Busnes/Tenders-and-procurement/WorkingwithGwynedd12.pdf>

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Sustainable Development

- a) Local sustainable supply chain development;
- b) Integration of small scale Green infrastructure;
- c) Integration of small scale Blue infrastructure;
- d) Activity which is supporting bio-diversity on a site funded;
- e) Development of an organisational Travel Plan and sustainable transport initiatives;
- f) Resource efficiency measures;
- g) Site environmental management plans;
- h) BREEAM excellent where applicable with new development in the future;
- i) Attainment of CEQUALL for construction activity where appropriate; and
- j) Use of Sustainable Urban Drainage Systems (SUDS) where applicable.

Tackling Poverty and Social Exclusion

- a) Activity which builds skills within the community;
- b) Mentoring / advocacy activity;
- c) Peer support activity;
- d) Volunteering schemes;
- e) Organisations paying the living wage;
- f) Cross Cutting Themes general;
- g) Stakeholder engagement good practice activity;
- h) Developing / engaging CCT champions;
- i) Integrating Social Clauses into activity;
- j) CCT Toolkits, health checks, base lining mechanisms Apps etc.;
- k) CCT Training packages developed;
- l) CCT staff training programme introduced; and
- m) Activity which contributes to the CCT formal indicators in priorities / objectives where they are not present.

Further Strategic Criterion: Suitability of Investment

The need for the proposal

The regional economy

The regional economy of north Wales is complex, and it is recognised that there is a disparity between prosperity in the east and west, as recognised by the inclusion of the more westerly counties in the West Wales and the Valleys support region. An overview of the regional economy north Wales is included as an important part of the case for this work, but it should be recognised that figures may be skewed by the relative prosperity of north east Wales.

The development of Snowdonia Aerospace Centre has been specifically identified by the North Wales Economic Ambition Board as a key lever to extend future prosperity over to west Wales, bringing opportunities to the wider supply chain across north Wales, centred in the west. It has also been recognised on a Pan-Wales basis as a key part of the completion of the Wales RPAS offer, which will offer opportunities on a large scale across Wales, throughout the supply chain.

The regional economic and labour market profile for North Wales (October 2017)¹¹ explains how North Wales had total Gross Value Added of £12.8 billion in 2015. This translates as £18,462 per head or 72.8% of the UK average. Average full-time weekly earnings in North Wales were slightly higher than the Wales average in 2016. Over the latest year, the economic inactivity rate increased whilst the ILO unemployment rate fell and the employment rate was unchanged in North Wales. Looking over the longer term; since 2001 the labour market in North Wales has improved, but slightly less than the improvement for Wales overall.

Key trends include:

- There were 318,800 people in employment in North Wales in the year to June 2017, this was down 1,600 (0.5%) over the year. This compares to a 0.2% decrease for Wales and a 1.1% increase for the UK.
- In 2015 North Wales when compared to Wales had a higher percentage of jobs in agriculture, forestry and fishing, production and wholesale, retail, transport, hotels and food sectors and a lower percentage in the finance and business activities and the public administration, defence, education, health and other services.
- The number of benefit claimants increased by 100 (or 0.3%) over the year to stand at 35,400 in November 2016. This compared to a fall for Wales (down 0.9%) and for GB (down 3.1%).
- The benefit claimant rate in North Wales was 8.5% in November 2016. This was lower than the rate for Wales (9.9%) and higher than the GB rate (7.3%).

¹¹ <http://gov.wales/docs/statistics/2017/171031-regional-economic-labour-market-profiles-october-2017-north-wales-en.pdf>

The local economy

Llanbedr is located in an economically challenging area. Dwyfor Meirionnydd is a relatively low wage economy, with median gross annual earnings of £19,500, compared with a Welsh average of £25,700 and a UK average of £28,200¹². This is the lowest of any constituency area in Wales, and is explained in part by a higher than average rate of part-time employment, and reliance on lower wage sectors such as agriculture and tourism. The proportion of those in employment who are in part-time jobs is 27.3% in Dwyfor Meirionnydd and 28.4% in Gwynedd, compared with 26.1% across Wales¹³. In overall terms, however, employment is relatively high at 79.9% compared with a Welsh average of 71.5%¹⁴, and the proportion of working-age residents in receipt of out-of-work benefits is below average at 1.0%¹⁵.

The presence of well paid, high-quality jobs, however, is extremely scarce, with the Trawsfynydd Decommissioning Nuclear Site being the only employer of scale offering high quality STEM jobs in the area. This employment is gradually coming to an end as the station reaches the end of its decommissioning, and the impact is predicted to be significant. A 2015 report showed that the average professional salary at the site was three times the average salary for the area. It also estimated that the closure of the site would cost the local economy around £16m GVA per annum.¹⁶

Of businesses based in Dwyfor Meirionnydd, 30.4% are in the agriculture, forestry and fishing sector, more than twice the figure for Wales and five times the UK average. Snowdonia National Park receives an estimated 11 million visitor days each year¹⁷, and sectors related to the tourism industry also account for higher than average proportions of businesses in the area, with 12.8% in the accommodation and food sector, and 9.5% in retail.¹⁸

The Economic Impact Assessment undertaken by Wavehill reports that Gwynedd as a whole has the highest proportion of jobs dependent on the tourism industry in Wales, and the third highest level of GVA directly related to tourist expenditure¹⁹.

Data for 2016 shows that 23.8% of employment in Dwyfor Meirionnydd and 15.4% of employment in Gwynedd is in accommodation and food services, compared with 8.8% across Wales²⁰.

¹² Annual Survey of Hours and Earnings, 2016.

¹³ ONS (2017), Annual Population Survey, July 2016-July 2017.

¹⁴ ONS (2017), Annual Population Survey, July 2016-July 2017.

¹⁵ ONS (2017), Claimant Count, September 2017.

¹⁶ Trawsfynydd Nuclear Power Station – An Economic Assessment of the Completion of Decommissioning, Arup, 2015

¹⁷ Snowdonia National Park Authority (2011), Eryri Local Development Plan, 2007-2022. Adopted version.

¹⁸ ONS (2017), UK Business – Activity, Size and Location. Parliamentary Constituencies, 2016.

¹⁹ Wavehill (2017), An Economic Impact Assessment for the A496 Llanbedr Access Improvement and Snowdonia Aerospace Centre Development. Gwynedd Council.

²⁰ Business Register and Employment Survey (2017), Employment by Broad Industrial Group, 2016.

In terms of the occupational profile of the area, Dwyfor Meirionnydd has a higher than average proportion of residents employed in elementary occupations, reflecting the importance of the agriculture sector. The proportion employed in skilled trades is also above average, and there is a relatively high proportion of residents who are managers, directors and senior officials. However, the proportion of residents employed in professional, associate professional and technical occupations is considerably below average, at 24.4% compared with 31.0% across Wales. The skills profile for the area shows that there is a lower than average proportion of residents who are educated to A-Level standard or above, at 50.0% compared with 54.4% nationally²¹.

Although Snowdonia reports high levels of outward migration by young people in particular for higher education and employment opportunities and due to a lack of affordable housing, the wider Gwynedd area experiences relatively high levels of in-commuting. Travel to work data for Gwynedd shows that the county as a whole records net in-commuting, with 7,400 residents commuting to other areas for work, and 11,300 workers commuting into Gwynedd from other areas. Key destinations for residents of Gwynedd are Anglesey (27.3% of all out-commuters) and Conwy (20.6%), with 21.3% of residents commuting over the border to England. Gwynedd also records a high proportion of home working. Of those who commute into Gwynedd, the majority again come from Anglesey (58.8%) and Conwy (21.2%), indicating that Gwynedd forms part of a wider North Wales labour market²².

Snowdonia Enterprise Zone

The Snowdonia Enterprise Zone is one of eight enterprise zones across Wales and one of three in North Wales, along with Anglesey and Deeside. Designated by Welsh Government in 2012, it comprises two key sites: the site of the decommissioning nuclear power station at Trawsfynydd, and the Snowdonia Aerospace Centre (SAC) at Llanbedr Airfield.

The Enterprise Zone designation responds to the need for jobs and economic development in the North Wales region, and the prospects presented at Llanbedr to support an advanced manufacturing cluster related to the existing and emerging aerospace industry opportunities.

²¹ ONS (2017), Annual Population Survey, January 2016-December 2016.

²² ONS (2012), Census 2011.

Each of the enterprise zones in Wales focuses on a key target sector. The focus for the Snowdonia Enterprise Zone is on the energy, environment and ICT sectors. Its neighbouring enterprise zones at Anglesey and Deeside focus on the energy sector and the advanced manufacturing sector respectively. The overall vision for the Snowdonia Enterprise Zone, set out in the Strategic Plan prepared for the zone in 2012 and updated in 2017, is that: “Snowdonia Enterprise Zone will be the preferred location for high quality aerospace, digital and low carbon technology enterprises, maximising the unique characteristics and strategic assets of both sites; building upon its location at the heart of the National Park to help transform the area’s economic prospects”²⁶. The Enterprise Zone has Tier 1 Area status, which means that some of the UK’s highest levels of financial support can be available.

Llanbedr and Wales’ Aerospace Sector

Wales is a centre of excellence for aerospace manufacturing and MRO related activities; over 160 companies employ in excess of 23,000 people. State-of-the-art facilities now manufacture, supply, maintain, repair and overhaul, civil and military aircraft from around the world. The aerospace sector in Wales is a dynamic growth industry that operates on best practice techniques and is supported directly by the Aerospace Wales Forum.

Llanbedr forms part of a broader Welsh aerospace sector, and builds on existing RPAS activity elsewhere in Wales. Parc Aberporth in Ceredigion, is the first purpose-built RPAS technology park in Europe and a model for the successful development of the sector. Aberporth (also known as UAV West Wales) also benefits from access to Wales’ segregated airspace. The airfield is privately owned, and is used by the Ministry of Defence to test RPAS aircraft, with over 1,000 launches from the site since 2004²⁷.

The aerospace sector in Wales also encompasses the enterprise zones at Cardiff Airport and St Athan, and Deeside in North Wales. In Deeside, Airbus currently employs around 6,000 people at its plant at Broughton, producing over 1,000 aircraft wings each year. A partnership between Airbus, Glyndŵr University, Coleg Cambria and the Welsh Government has resulted in the creation of the Advanced Composite Training and Development Centre, also at Broughton, which helps Airbus employees and apprentices to develop their skills. Coleg Cambria also runs a Centre for Aerospace Training to deliver bespoke workforce training for the industry²⁸. The North Wales Economic Ambition Board identifies aerospace as a key sector which can help to drive the continued growth of the North Wales economy, drawing on existing links with higher education in North Wales and the North West of England²⁹.

²⁶ Welsh Government (2012), Snowdonia Enterprise Zone: Strategic Plan 2015. Updated July 2017. Available online at: <http://gov.wales/docs/det/publications/170719-strategic-plan-snowdonia-en.pdf>

²⁷ Arup (2015), Llanbedr Spaceport: Economic Impact Assessment. A report for Welsh Government.

²⁸ Welsh Government (2016), Enterprise Zones Wales: Where your Enterprise meets ours.

²⁹ North Wales Economic Ambition Board (2016), A Growth Vision for the Economy of North Wales.

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Llanbedr benefits from its links to the wider Welsh aerospace sector, and particularly to the RPAS facility at Aberporth. However, the opportunity at Llanbedr is unique, and could not be realised anywhere else in Wales. Llanbedr is recognised as a key location for the development of RPAS in Wales and the UK, and it is intended that it will become an international Centre of Excellence for the next generation of manned and unmanned aircraft systems. It is considered that this would be wholly complementary with potential Spaceport operations, should Llanbedr be chosen as the UK's first Spaceport site. The vision for the site is to create sustainable employment opportunities by developing SAC into Europe's leading RPAS Centre, and the location of choice for UK Spaceport.



Segregated airspace in Wales (Source: <http://www.wuase.com/>)

An important benefit of the site is its unrivalled access to 7,100km² of segregated airspace over Cardigan Bay and to a further 1,100km² inland, allowing access by both civil and military operators for RPAS testing³⁰. It also has a 7,500ft runway, which will be crucially important to the UK RPAS sector as larger systems are developed. The site's coastal location and facilities make it a prime test location for unmanned aircraft as part of the broader Wales Unmanned Systems environment. Llanbedr is not and does not intend to be an airport and this, coupled with low levels of aircraft movements, mean that the site offers greater security and unimpeded access to potential operators. It also benefits from links with key, commercially-focused research departments at Bangor and Aberystwyth Universities, with specialist areas including Space and Electronic Engineering³¹.

³⁰ Welsh Government (2016), Enterprise Zones Wales: Where your Enterprise meets ours.

³¹ Ibid.

Opportunities

The sector delivery plan for the advanced manufacturing and materials sector identifies major challenges to Welsh manufacturing including low cost competition and technological change. Opportunities for growth are therefore likely to be in high value-added subsectors and technology-based solutions, where Wales can compete against relatively low labour rate economies such as the BRICS countries (Brazil, Russia, India, Indonesia, China and South Africa). The plan identifies a number of key subsectors in which Wales has strengths in capacity and capability, including aerospace and defence where there are particularly strong existing clusters³².

There are particular opportunities associated with the expansion of the global RPAS market. By 2020, it is expected that annual global procurement and R&D in RPAS will be worth \$11.3 billion³³. While much of this growth will be driven by military applications – which currently represent around 95% of all RPAS uses – there will also increasingly be opportunities for commercial and civilian applications such as in agriculture, engineering, environmental monitoring and scientific research. In comparison with manned aircraft, the use of RPAS in these sectors reduces human life exposure and provides cost savings and environmental benefits, including lower fuel consumption, lower CO2 emissions, and less noise³⁴. PwC research into commercial applications of RPAS technology estimated that the global market for RPAS in business services is over £127 billion³⁵.

| Industry | Global value of drone powered solutions in 2015 (\$bn) |
|-------------------------|--|
| Infrastructure | 45.2 |
| Transport | 13.0 |
| Insurance | 6.8 |
| Media and Entertainment | 8.8 |
| Telecommunications | 6.3 |
| Agriculture | 32.4 |
| Security | 10.5 |
| Mining | 4.3 |
| Total | 127.3 |

Global value of drone powered solutions by industry (\$bn) (Source: PwC, 2016)

³² Welsh Government, Department for Business, Enterprise, Technology and Science. Sectors Delivery Plan. Available online at: <http://gov.wales/docs/det/publications/130125deliveryplanen.pdf>

³³ European Commission (2012), Commission Staff Working Document: Towards a European strategy for the development of civil applications of Remotely Piloted Aircraft Systems (RPAS). Available online at: <http://register.consilium.europa.eu/doc/srv?l=EN&t=PDF&gc=true&sc=false&f=ST%2013438%202012%20INIT>

³⁴ European Commission, Flying a New Way: A Boost for European Creativity and Innovation. RPAS.

³⁵ PwC (2016), Clarity from above: PwC global report on the commercial applications of drone technology. Available online at: <https://www.pwc.pl/en/publikacje/2016/clarity-from-above.html>

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The US and Israel are identified as the current market leaders in RPAS technology. In Europe, it is estimated that there are more than 400 RPAS developments across 20 countries, ranging from SMEs and start-ups to large aerospace and defence multinationals. In terms of light RPAS (those weighing less than 150kg), it is understood that 80% of companies currently involved in development and manufacturing are SMEs, and so the expansion of the RPAS market is likely to benefit SMEs and start-ups as well as larger global firms.

Across Europe, it is estimated that a total of 150,000 jobs could be created by RPAS manufacturing by 2050³⁶. The expansion of the RPAS sector will also support a broad supply chain including enabling technologies and a range of operations and service roles, and the European Commission expects that the RPAS service industry will generate larger revenues and more jobs than RPAS manufacturing itself³⁷.

In the UK, the Department for Business, Energy and Industrial Strategy recently published 'The UK Value Stream for RPAS', which reports on numerous forecasts predicting that the non-military RPAS sector and all of its sub-segments will expand substantially over the next five to ten years. Forecasts for the total global RPAS market range between £7.8bn and £30bn in 2025³⁸. The July 2017 Government Response to 'Unlocking the UK's high tech economy: Consultation on the safe use of drones', sets out the Government's support for facilitating growth in the drone industry.

Benefits of a drone industry in the UK include the opportunity for business and the public sector to create high-tech jobs, boost the economy, and support the ambition to place Britain at the forefront of the autonomous systems opportunity³⁹.

The July 2017 Government Response to 'Unlocking the UK's high tech economy: Consultation on the safe use of drones', sets out the UK Government's support for facilitating growth in the drone industry by ensuring their safe operation, and the importance of drones as used by emergency services, infrastructure providers and farmers. It sets out that there are clear and substantial benefits of a drone industry in the UK, given that there are exciting opportunities for business and the public sector to create high-tech jobs and boost the economy across the UK. It explains that technologies such as drones are central to supporting the UK Government ambition to place Britain at the forefront of the autonomous systems opportunity and make Britain the go-to place for scientists, innovators and investors in technology.

³⁶ DfT (2016), Unlocking the UK's High Tech Economy: Consultation on the Safe Use of drones in the UK.

³⁷ Ibid.

³⁸ Department for Business, Energy and Industrial Strategy (2017), The UK Value Stream for Remotely Piloted Civil Aircraft (RPAS): Literature Review.

³⁹ DfT (2017), Unlocking the UK's High Tech Economy: Consultation on the Safe Use of drones in the UK. Government Response.

In February 2017 the Department for Business, Energy and Industrial Strategy published the document 'The UK Value Stream for RPAS'. It explains that numerous forecasts have sought to predict the growth of the RPAS industry, and ten relevant market forecasts undertaken in the last two years were explored through this research. While these vary in terms of their methods, their scope, and the amount of detail available, they all predict that the non-military RPAS sector and all of its sub-segments will expand substantially over the next five to ten years. The forecasts for the total global RPAS market range between £7.8bn and £30bn in 2025.

Economic benefits

While it is likely that RPAS platforms will continue to be tested on a campaign basis with technical staff located at Llanbedr temporarily, year round operation would be expected to create permanent jobs in both airside and supporting landside roles on-site⁴⁰. The primary opportunity for Llanbedr in the longer term is to attract and sustain a high level of RPAS testing activity, on a permanent and year round basis, across both the military and civilian sector. This is likely to require multiple users of the site.

Economic benefits would be maximised if Llanbedr develops as a centre for excellence in RPAS, with businesses using both airside facilities and also office facilities on a permanent or flexible basis⁴¹.

It is anticipated that the development of an international RPAS Centre of Excellence at Llanbedr would create a range of sustainable employment opportunities at a range of skill levels. As well as technical staff, it is expected that the SAC would require operational, maintenance and support staff, and that there would be opportunities for people with lower skill levels as well as those with higher levels of qualifications. There may also be the potential for some roles to be taken up by workers with relevant skills entering the labour market as the decommissioning of Trawsfynydd nuclear power station moves towards completion.

There would also be opportunities in the supply chain which could benefit local SMEs, including those in related technical industries and those in the service sector. While it is expected that some of the technical staff using the site may do so only on a temporary basis, Llanbedr will attract people with high skill levels and high wages to the area during their campaigns. There is an expectation therefore, that such staff could boost the local economy through day-to-day spending on accommodation, food and other services both on-site and in the immediate locality⁴². This would lead to spillover benefits for local businesses, potentially supporting employment in sectors including the tourist industry. There may be particular benefits for tourism providers in providing a year-round source of income.

⁴⁰ Arup (2015), Llanbedr Spaceport: Economic Impact Assessment. A report for Welsh Government.

⁴¹ Ibid.

⁴² Ibid.

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There could also be the potential for wider benefits for the Llanbedr and Meirionnydd area. By providing opportunities for employment – including relatively highly-skilled and well-paid employment – for local people, the proposal could contribute to reducing outmigration (particularly amongst young people), improving the viability of local services and businesses, and supporting the sustainability of the area's rural communities. Across North Wales more widely, investment in the SAC could act as a catalyst for further development of the established centre of aerospace excellence on Deeside, and wider research investments such as the Msparc development on Anglesey.

Between 2016 and 2017, the level of employment in Wales increased by 24,000 and the rate was up 1.9 percentage points. The level of unemployment decreased by 15,000 and the rate was down 1.0 percentage point. The claimant count has also decreased in Wales by 1,200 between November and December. Over the year, the level decreased by 1,500 and the rate was down 0.1% percentage points. Alun Cairns, the Secretary of State for Wales, said: "These figures coincide with recent announcements, such as the decision to house the F-35 global repair hub in North Wales."⁴³ That relates to the MoD providing maintenance, overhaul and upgrade services for F-35 aircraft at MOD Sealand, helping further establish North Wales as a leader in aviation technology.

By attracting further investment and associated employment benefits in the aerospace sector and associated industries at Llanbedr, it is envisaged that further employment benefits would be achieved including further decreases in the claimant count in Wales.

Conclusion

There is a need for testing facilities to support the continued development of the RPAS sector in Wales and in the UK.

The opportunity at Llanbedr is unique.

SAC benefits from links to commercially-focused research departments at Bangor and Aberystwyth Universities, and to the wider Welsh aerospace sector.

In the absence of the project, it is likely that many of the employment and spillover opportunities associated with a permanent RPAS testing and development facility would go elsewhere.

While Llanbedr may continue to be used temporarily, it would not be able to support permanent, sustainable employment, and would not realise the potential of the wider Snowdonia Enterprise Zone to become a 'preferred location for high quality aerospace, digital and low carbon technology enterprises'.

Further investment in RPAS and aerospace activities at Llanbedr would support the North Wales leading offer in aviation technology with its associated employment benefits, helping reduce the claimant count in the region and Wales as a whole.

⁴³ <https://www.gov.uk/government/news/wales-starts-2017-with-year-on-year-increase-in-employment-level>

Further Delivery Criterion: Indicators & Outcomes

Two elements of work are proposed as part of the ERDF eligible project, to address the problems and objectives as are described in the Strategic Case. Those works would comprise:

1. Premises refurbishment, bringing existing buildings back into use and/or enhancing existing buildings to provide suitable premises to accommodate or support both aerospace operations at Llanbedr and other compatible employment opportunities; and
2. Direct access connection, addressing existing physical and capacity constraints, joining the Snowdonia Enterprise Zone and Llanbedr Airfield to the proposed A496 Bypass.

Activities to refurbish premises

The site benefits from a range of office, hangar, stores and workshop buildings, with associated infrastructure and facilities. Although a number of buildings are in use by local businesses, many are in a poor state of repair (following MOD decommissioning prior to the purchase of the site by the Welsh Government). Since the site was mothballed some buildings have remained unused and have begun to deteriorate.

Some buildings are vacant or only part occupied and the condition/function of premises currently acts as a barrier to accommodating existing operations on a permanent basis, as well as attracting additional companies with aerospace related operational requirements. Many existing buildings could be brought back into active use, with the necessary refurbishment works.

The existing hangars are sufficient in size for many operations but require renovation works to bring them up to a standard required for permanent RPAS and associated activities with related increases in employment on the site. Some buildings require refurbishment to better accommodate existing operations and attract increased employment densities and new RPAS/aerospace related tenants.

In all, improvements are proposed to 164,315sqf (15,265sqm) floor space. In summary, works would involve refurbishment to premises as follows:

[REDACTED]

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[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

works would seek to provide aviation/advanced manufacturing use-appropriate facilities, and would not be undertaken to suit any specific business organisation. Any specific tenant fit-out works would be undertaken by the tenant at their own cost and would need to be approved by SAC and the Welsh Government in accordance with the conditions of the lease and its associated restrictions and requirements.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

⁴⁴ By virtue of Part 8 of The Town and Country Planning (General Permitted Development) Order 1995

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Activities to provide direct access (enabling infrastructure)

As noted, Gwynedd Council has submitted a planning application (March 2017) for an A496 Llanbedr Bypass (ref. NP5/62/399). A decision to grant permission is expected in Spring 2018.

[Redacted]

[Redacted]

[Redacted]

[Redacted]

Short to Medium Term Impacts

The access connection is not expected to produce any direct outcomes post construction (there would be short term employment and procurement of goods and services during construction). However, the access would help allow the potential benefits of the proposed premises refurbishment by removing an existing barrier to investment and providing a fit for purpose access to the site and its employment opportunities.

SAC has confirmed that it expects the proposed on-site works to increase the number of jobs currently accommodated [Redacted] and the number of SMEs currently accommodated [Redacted]

A breakdown of the proposed refurbishment works and the expected outputs is provided in the table below. As explained above, no direct outputs have been presented for the access improvements, although it will be necessary to allow the successful attainment of the objectives stated.

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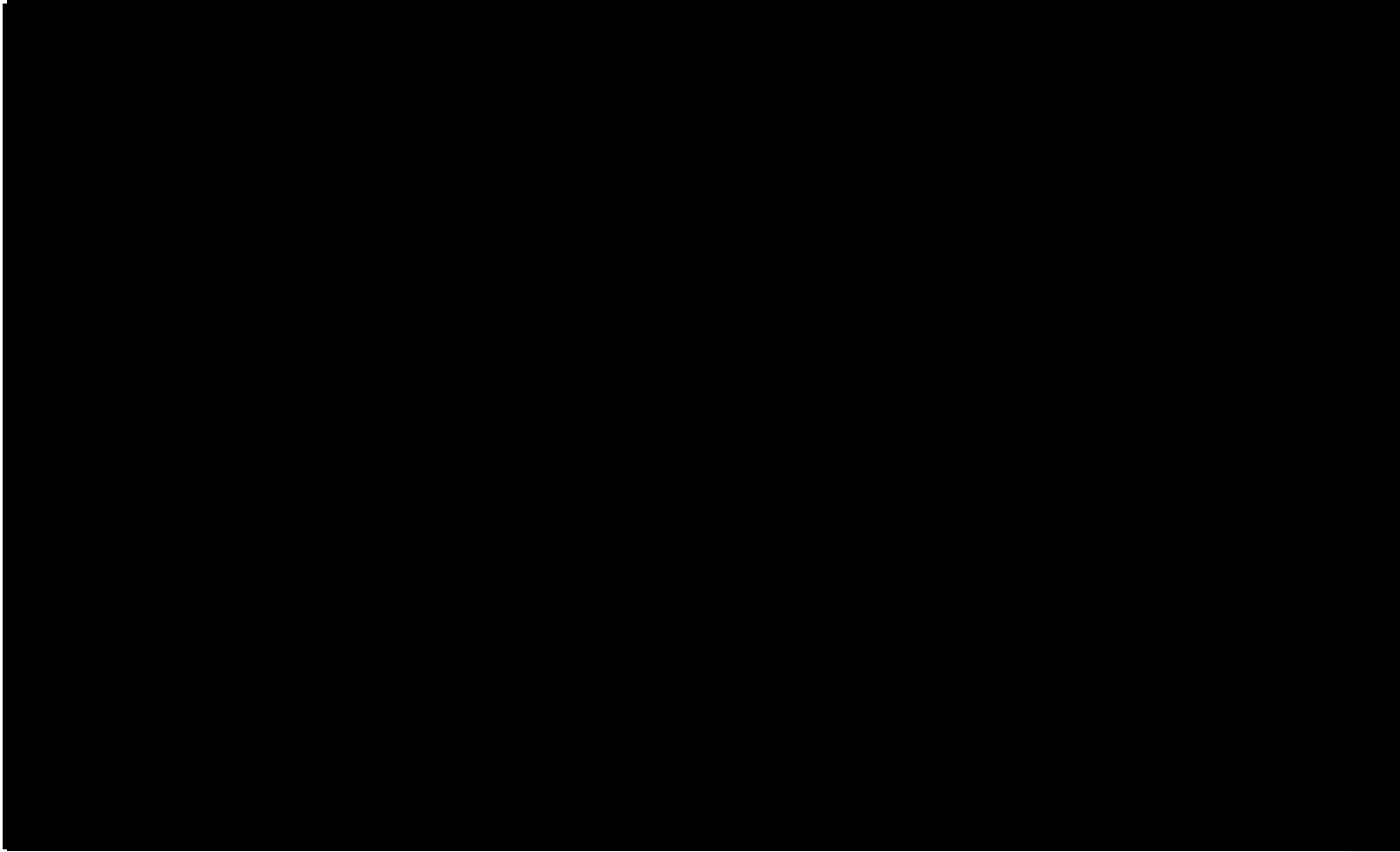
In summary, the project would contribute towards the specific objectives of the priority of the EU Structural Funds Operational Programme, with the anticipated direct outputs of the project expected to include:

- Land developed = 34ha (the number of hectares of brownfield land developed);
- Premises refurbished = 15,265m² (the number of metres squared of building space refurbished in gross external floor area excluding areas used for car parking or external landscaping);
- Jobs accommodated = 165 [REDACTED] potentially located at any one time following completion of building refurbishment works); and
- SMEs accommodated = 31 ([REDACTED] potentially located at any one time following completion of building refurbishment works).

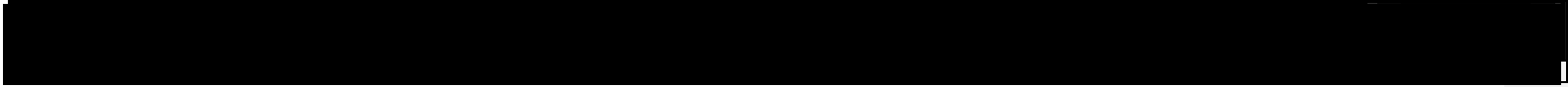
The number of jobs and SMEs potentially located at any one time following completion of building refurbishment works is SACs estimated maximum numbers accommodated based on assumed employment densities associated with the additional floor space as provided by the refurbishment of premises⁴⁵.

⁴⁵ Taking into account the HCA Employment Density Guide 2015

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Longer Term Impacts

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

In the longer term it is anticipated that larger employers would operate from the site, which would be better established as a cluster of aerospace activity with associated agglomeration benefits. For example, the site would host a range of aerospace related operations, research and development projects, and supply chain services.

There is a long term opportunity for skills development in the local area, region and Wales wide. Through targeted recruitment, training and learning initiatives, local people could benefit from the advanced manufacturing cluster, aerospace industry, associated non-aviation activities and the associated knowledge transfer prospects for SMEs.

The project would also contribute to the longer term aspirations to develop Llanbedr as a Spaceport site, with associated activities and employment opportunities involved in training, testing, advanced materials and manufacturing, and space tourism. Given the likely long term timescales involved in realising any benefits from a potential Spaceport, there are not expected to be any issues in terms of ERDF eligibility over the lifetime of the operation.

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[REDACTED]

[REDACTED]

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Monitoring and Evaluation Plan

Gwynedd Council is fully aware of their data reporting requirements in relation to the operation.

Gwynedd Council would, overseen and managed by its full time officer role for the project, undertake and implement a Monitoring and Evaluation Plan. Working collaborate with SAC, it would collect and record relevant data, report results in an annual audit.

To achieve that annual reporting, baseline data relevant to the identified indicators would be collected in 2018 relating to:

- a) Vacancy rates of existing premises;
- b) Permanent aerospace related tenants;
- c) SMEs accommodated;
- d) Permanent jobs accommodated;
- e) Temporary jobs accommodated;
- f) Training events held;
- g) Usage of runways;
- h) Visitor numbers to the Airfield; and
- i) Visitor numbers to the National Park.

An annual Business Survey would be undertaken to help inform the above.

To help complete the evaluation of the project, an external Evaluation and Economic Impact Assessment would be commissioned and undertaken [REDACTED] at least 6-months post completion of works and spend. That would consider all activities and indicators identified and forming part of the project.

The above approach would help ensure that both "Formative" evaluation (during the life of the operation) and "Summative" evaluation (at the end of the operation), is completed. This is considered to be important given the scale of spend and strategic importance of the Snowdonia Enterprise Zone (which benefits from its own audit and evaluation procedures).

Gwynedd Council will ensure that data will be effectively reported to the Enterprise Zone Board and WEFO at claim periods and reviews and at other intervals as appropriate, with the annual audit reporting being provided to an agreed point(s) of contact at the Welsh Government.

Further Delivery Criterion: Management of Operation

Governance

Gwynedd Council is the lead beneficiary and applicant for the purposes of this ERDF application. Gwynedd Council also provides the Snowdonia Enterprise Zone Manager and has a vested interest in the success of Llanbedr Aerospace Centre as a designated site in the Enterprise Zone.

SAC is a joint beneficiary, long term leaseholder/operator and would help directly deliver the project.

The Welsh Government is the freehold owner and landlord of the site, and governs the Snowdonia Enterprise Zone.

All three authorities/organisations are key stakeholders in the project and have helped to develop the proposals as subject to this ERDF application. As identified they would form a Project Board and continue to meet monthly, in order to help steer the success of the project.

Human Resource Requirements

As Gwynedd Council would be the lead beneficiary and applicant, it would provide the post of the Senior Responsible Officer (SRO), to take responsibility for the project. Subject to change as the project moves into the mobilisation phase, the SRO would be:

Sioned Williams

Head of Economy and Community

Email: sionedewilliams@gwynedd.llyw.cymru

Tel: 01286 679547

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Gwynedd Council and SAC would directly deliver the proposed project and its activities (as is explained in the Delivery section of this Business Plan. To help it fulfil its requirements, each beneficiary would provide a staff support role:

1. A full time officer role would be provided by the lead beneficiary, Gwynedd Council, to help manage and oversee the delivery and monitoring of the project and its requirements in accordance with the obligations to be agreed with WEFO if this ERDF application is successful. In order to help ensure the role is available to progress the project through the mobilisation stage through to a 6-month post spend complete stage (to assist with monitoring and evaluation etc.), the role would run from 2018 to 2020. An extension to 2021 would be considered in the event of an unlikely programme overrun, still well in advance of the 2022 WEFO deadline for spend of ERDF.
2. SAC as a joint beneficiary would also provide a works project manager to help plan, coordinate and deliver the refurbishment of premises. The role would run throughout the planned on-site works delivery period of 18 to 24 months; 2018 to 2020.

Gwynedd Council's full time officer for the project would be responsible for the delivery and monitoring of each identified indicator.

Document Retention

Information transfer, written communication, workflow, document storage & distribution on the project would be managed via a collaborative workspace, a secure, web-based system for document management & storage.

Project documentation would be retained by Gwynedd Council until at least 2025 and until such time that WEFO inform the Council that they can be destroyed.

Compliance with relevant legislation

The Wellbeing of Future Generations Act 2015

The Wellbeing Act (2015) strengthens existing governance arrangements for improving the well-being of Wales to ensure that present needs are met without compromising the ability of future generations to meet their own needs. That priority seeks a common approach to identifying the needs of the individual as part of a new approach to employability and sets out that a tailored community outreach will be given to those facing multiple barriers to work.

The project will contribute to the wellbeing of future generations and its sustainable development principle as follows:

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- a) The local access improvements will help connect communities and improve access to the Enterprise Zone and its employment opportunities. To help promote the use of sustainable transport, SAC would promote awareness of existing public transport options by providing their staff with travel information detailing the public transport services serving the Snowdonia Enterprise Zone.
- b) The refurbishment of the premises would bring the existing vacant or buildings in disrepair into modern and safe standards, providing high quality business units for aerospace related operations. Whilst the refurbishment works will not need to consider BREEAM given there would be no new build development, the quality of the refurbishments will be so to provide working environments fit for future generations in accordance with the latest building regulations. The refurbishment of poor quality and vacant premises to modern and efficient standards would help the organisations' contributions to carbon emissions by reducing the amount of energy lost/used. Once a building is operational, an energy efficiency premises plan should be produced and implemented. This plan will outline actions that need to be taken to reduce energy use including switching off all unnecessary heating, lighting and unused appliances. This in itself would provide economic savings.
- c) Materials and labour will be sourced from local suppliers where practicable.
- d) The project would accommodate jobs and attract investment to support additional employment and economic development, contributing to economic prosperity.
- e) The project seeks to establish and expand the aerospace sector in Wales, supporting the need for creative, highly skilled and adaptable people. Creating job opportunities in this industry and supporting services will encourage lifelong learning in an innovative industry, supporting young people to fulfil their potential in an area of existing low wages, high rate of part-time jobs and overdependence on the agriculture and tourism sectors.
- f) SAC are exploring the development of a Spectrum Innovation Centre (SPICE) at Aberystwyth University, in partnership with QinetiQ and Ceredigion Council/Welsh Government, aiming to help develop its research and development offer.
- g) The project would help develop a supply chain with support services, including manufacturing, research, accommodation and other facilities. That in turn will help support communities and build the future capacity of local communities. Beneficiaries should seek to develop local supply chains. Where possible, Gwynedd Council and SAC would select suppliers according to their environmental performance and quality of their goods and services to also benefit the environment.
- h) Helping accommodate existing and additional jobs would contribute to providing local people with employment, keeping young people in the region, and in turn helping promote and facilitate the use of Welsh and improve the planning of Welsh language provision.

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The Environment Act 2016

The Environment Act positions Wales as a low carbon, green economy, ready to adapt to the impacts of climate change. Other UK environmental legislation is applicable, including those related to taking reasonable steps to protect and enhance biodiversity. Gwynedd Council and SAC would ensure that environmental protection requirements are met as appropriate, for example costs are allocated to wildlife management as part of the infrastructure and licencing works part of the project.

The Welsh Government plans to ensure that Wales leads the way in sustainable waste management through the overarching strategy document "Towards Zero Waste". It explains that any existing buildings or infrastructure on-site should be reused if possible. The refurbishment of existing buildings on the site clearly supports this approach. Where reused materials are not available, recycled material sources should be explored. Targets for the percentage of secondary materials used in construction should be adopted and monitored by the operations beneficiary.

WEFO as part of the Welsh Government requires that a minimum of 10% of the total value of materials used should derive from recycled and reused sources. Gwynedd Council and SAC would work in accordance with that requirement.

In terms of climate change mitigation and adaptation, the Welsh Government is committed to tackling both the causes and consequences of climate change and has set a target to reduce emissions by 3% per year in areas controlled by the Welsh Government. The Welsh Government is committed to developing a robust method to monitor and evaluate the performance of climate change adaptation and its achievement. Flood risk has been identified to be a barrier to future development on the site in some locations (see Strategic Case), and mitigation would be required in collaboration with NRW should any development plans be proposed in the future. There is a strategic flood risk issue on the adjacent coast, for which NRW are the responsible authority to 'protect the line'. Operations on site would consider climate resilient infrastructure (where appropriate) at design stage. For example, green infrastructures such as green roofs and blue infrastructure such as porous paving as well as sustainable urban drainage systems (SUDS), could play role in creating climate-resilient development as part of future development plans.

The use of UAVs, in particular drones, is typically a low carbon activity. Any increased flight activity and potential impacts on carbon and climate change would be mitigated with the continuing improvement in vehicle emissions technology. In addition, Welsh Government and Gwynedd Council have ongoing commitments to take immediate action to cut and sequester greenhouse gas emissions in its service delivery to help keep future climate change impacts to manageable levels.

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[REDACTED]

Gwynedd Council is committed to protecting the environment and ensuring a better quality of life for everyone now and for future generations. To promote this the Council has adopted a Sustainable Development Action Plan to improve its environmental and social performance as part of the Community Strategy. The Council expects its contractors to meet similar levels of environmental care and commitment. It's Sustainable Procurement Policy and Community Strategy can be viewed at: www.gwynedd.gov.uk.

Town and Country Planning Act 1990

A planning application for the A496 Bypass is pending a decision by the Snowdonia National Park Authority. The application is likely to be considered by the planning committee in Spring 2018.

[REDACTED]

[REDACTED]

[REDACTED]

Promotional Activity

Promoting the support from the European Union's Structural Funds Programmes is a condition of grant and is included within the approval letter. As an integral element of visits undertaken by the Welsh Government's Project Inspection and Verification Team, it will need to be verified that the EU support has been properly acknowledged throughout all project documentation and other publicity and information material, including electronic material. Some or the entire grant awarded may be reclaimed if such support is not acknowledged in accordance with the approval of grant and the guidance on publicity.

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In light of the above, the Welsh Government, Gwynedd Council and SAC would contribute to efforts to promote the achievements the European Structural Funds programmes are making in Wales. The project would comply with the information and publicity requirements set out in Article 69 of Regulation 1083/2006 and Chapter II of Regulation 1828/2006.

If Convergence Funding is secured, all consultation materials would outline how the project will be funded. During construction of the A496 Access Improvement, road-side information provided to road users about the project and its timetable for completion would display the European Commission logo. Once constructed, plaques would be erected at either end of the section of the A4496 which would identify the project as having been supported by European Structural Funds and would display the European Commission logo. During on-site works, SAC would display (via publicity material, plaques, billboards, stationery etc.), the ERDF (European Regional Development Fund) logo.

Following construction activities, a permanent bi-lingual commemorative plaque would be displayed at a prominent location on the site, to show European Structural Funds support has been provided through the Welsh Government. A plaque would be clearly visible to the general public, as well as to staff and participants of structural funds projects.

We recognise that it is important that the Welsh Government, Gwynedd Council and SAC work together to maximise publicity for the project and highlight the contribution the European Structural Funds are making in Wales. As such, any press releases, features and advertorials relating to the project (e.g. announcing a project approval, a launch event, achievement of milestones) would acknowledge the funding received from the ERDF. As required, before any project sponsor enters into any media-related project publicity they would first contact WEFO's Press and PR Manager as appropriate.

Furthermore, the Welsh Government, Gwynedd Council and SAC would fly the European flag at their offices during the week of 9 May (Europe Day) for each year of the programming period up to 2022.

Further Financial Criterion: Value for Money

Overview

The project would increase employment through investments in critical economic infrastructure that supports the economic development objectives for North Wales and the Valleys.

The implementation of accommodation improvements and improved access will help the airfield to generate economic benefits through several economic impact channels. The project would:

1. Stimulate activity among aviation related businesses - both in firms undertaking temporary activity at the airfield and those establishing permanent activities;
2. Act as a catalyst for future economic growth - through stimulation of new private sector investment in related activity; and
3. Contribute to the development of the Snowdonia Enterprise Zone - the site is a critical part of the Enterprise Zone and central to its future development.

This section of this Business Plan presents an economic appraisal of the project, consistent with the principles of the HM Treasury Green Book and HCA Additionality Guide. It considers the 'net additional' impact of the project, taking into account deadweight, leakage, displacement and economic multiplier effects.

Where appropriate, evidence established in previous relevant economic studies is used to inform the analysis.

Options

As part of the project development process, project partners have undertaken an optioneering process, considering a long-list of options.

The appraisal has considered:

1. Do Nothing – No WEFO ERDF investment (Reference Case); and
2. Do Something – delivering refurbishment of existing business accommodation and new access (Preferred Option/Proposed Project).

The parameters of these options are outlined below.

Do Nothing (Reference Case)

In the Reference Case, there is no WEFO ERDF investment and the activity set out under the project does not happen.

In this case, road access constraints to the airfield would persist, and on-site buildings would remain in need of refurbishment. It is expected that either no development will take place at all or development would be limited. The economic benefits generated have not been assessed but are expected to be limited in both scope and scale. This option has been discounted since it does not meet any of the Strategic Objectives set or deliver additional economic benefits.

Do Something (Preferred Option/Proposed Project)

In this option, an investment would be made in a set of activities that better accommodate existing operations and help facilitate additional investment, jobs and economic growth.

There are two elements of the ERDF investment:

- (i) Refurbishment of accommodation for businesses; and
- (ii) Direct access connection.

The investment in business accommodation would involve refurbishment of existing premises rather than new build development. Although a number of buildings are in use by local businesses, many are in a poor state of repair. This currently acts as a barrier to accommodating existing operations on a permanent basis, as well as attracting additional companies. The proposed works will deliver 15,265 sqm of refurbished business accommodation.

The access improvement would provide a direct access to the site and address existing road access constraints to the airfield.

This option meets all of the Strategic Objectives set. By delivering improved access, business accommodation and in light of wider plans for investment in infrastructure [REDACTED] the project would act as a catalyst for additional investment, jobs and economic growth.

This option has been selected as the Preferred Option/Proposed Project since it meets all of the Strategic Objectives set and achieves an appropriate balance between public sector investment and economic benefits generated.

Assumptions

Scope of impacts

The economic appraisal considers the direct, indirect and induced employment effects of the project during its operational phase. The associated GVA contribution of this employment is estimated for the purposes of the cost-benefit analysis.

In addition, a number of wider economic impacts have been considered qualitatively.

Spatial scale

The economic appraisal focuses on the net additional impact on local economic activity in North Wales & the Valleys.

Timing

To assess the economic benefits of the project quantitatively, the economic appraisal estimates the Gross Value Added (GVA) contribution of the employment generated. The value of this contribution over time is considered in present value terms. A 10-year appraisal period is adopted.

The following assumptions underpin the analysis:

- a) **Construction to take place between** [REDACTED] – including construction of the access improvement and refurbishment of business accommodation;
- b) **Occupation of refurbished business accommodation to take place between** [REDACTED]
- c) **Occupancy profile and duration** – the refurbished space will be occupied through the expansion of existing tenants' activity and attraction of new firms to the area associated with increased activity at the airfield.

Costs

The total value of the ERDF project is approximately £9.96m. This includes capital and revenue investment associated with the refurbishment of existing business premises, and providing site access off the proposed A496 Bypass.

It is acknowledged that outside of this application for ERDF funding, the SAC and Welsh Government will be investing in the airfield infrastructure, whilst Gwynedd Council and the Welsh Government will be investing in the A496 Bypass road, to improve wider accessibility to the Enterprise Zone. Those investments will divert match funding, being delivered as part of the wider project at a cost of around £21.73m. For clarity, those wider elements do not form part of the ERDF value or associated funding application but would be complementary to the operation, helping justify the ERDF intervention with a value of £9.96m.

This estimate has been derived relying on the expert advice of Gwynedd Consultancy in relation to the design and construction of the access improvement; and from SAC and QinetiQ in relation to the refurbishment of premises to support aerospace operations.

The Financial and Compliance section outlines costs in further detail.

The economic appraisal is based on the proposed £7.5m of WEFO ERDF funding. This is commensurate with an intervention rate of around 75%.

Gross employment impacts

Gross operational employment supported is estimated based on knowledge about existing premises at the airfield and expert assumptions by SAC (taking into account the HCA Employment Density Guide, 3rd Edition 2015).

Net employment impacts

The assessment of net additional employment impacts is based on established guidance published by the Homes and Communities Agency (HCA Additionality Guide, 4th Edition 2014).

The assumptions that have been applied in estimating net additionality are outlined below.

| Effect | Assumption |
|--------------|------------|
| Deadweight | 0 |
| Leakage | 10% |
| Displacement | 10% |
| Multiplier | 1.4 |
| Persistence | 10 years |

The rationale for these assumptions is as follows.

Deadweight

Deadweight is the proportion of economic outputs that would be likely to occur if the project did not take place i.e. the outputs that would occur in the Reference Case. Since the outcome in the Reference Case is either no development outputs are assumed to be negligible. Deadweight is therefore assumed as zero for the purposes of the appraisal.

Leakage effects

Leakage effects refer to the proportion of economic outputs that occur outside of the defined area of impact. The spatial scale of the analysis is North Wales and the Valleys. In this context, leakage therefore refers to the proportion of economic outputs occurring outside of this area.

North Wales and the Valleys is relatively self-contained in terms of its employment market. Accordingly, on this basis leakage effects are considered to be small (10%).

Displacement

Displacement refers to the proportion of economic outputs accounted for by reduced outputs elsewhere within the area of impact.

A 10% level of displacement has been assumed. This reflects the expectation that the employment generated at the airfield through the project is highly specialised in nature and unlikely to be attracted to alternative locations. The offer at the airfield is unique in North Wales and the Valleys.

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It should be noted that no substitution (within firm displacement) effects are expected. There is no alternative scheme that would be pursued in absence of public sector assistance for the project.

Multiplier effects

Economic multiplier effects refer to effects arising through the supply chain (indirect effects) and spending of employees (induced effects).

An operational employment multiplier of 1.4 has been applied (based on low/med composite multiplier at regional level from English Partnerships Additionality Guide, 4th Edition).

Monetised benefits (GVA)

The employment benefits of the project have been monetised by estimating their associated GVA contribution to the economy in North Wales and the Valleys. Monetised benefits are used for estimating the BCR for the project.

The following GVA per job assumptions have been applied:

| Element | GVA per job |
|--|-------------|
| Employment in refurbished business space | £39,065 |

Note – Based on 2015 ONS GVA per filled job data (smoothed) for West Wales and the Valleys.

Value for Money (VFM) analysis

For clarity, this is a non-transport project and therefore reference to the DfT Transport Appraisal Framework is not applicable.

The Value for Money (VFM) of the project has been assessed using the following measures:

- Benefit Cost Ratio (BCR); and
- Cost per job.

BCR

The BCR has been calculated taking into account the WEFO ERDF funding cost of the project and the stream of GVA benefits associated with job creation.

The GVA benefit of jobs created is estimated by applying an average GVA per job figure to net additional employment. A discount rate of 3.5% is applied to costs and benefits over time – in line with HM Treasury Green Book guidance.

Cost per job

The cost per job of the project is considered using established benchmark data for comparative purposes. Whilst there is considerable variation in cost per job across different intervention types and environments, the following well-established sources of benchmark data are used for the appraisal:

- Price Waterhouse Coopers, 'Impact of RDA spending – National report – Volume 1 – Main Report' 2009; and
- Homes and Communities Agency, 'Calculating Cost Per Job | Best Practice Note, 3rd Edition' 2015.

Appraisal results

Costs

The estimated total ERDF-eligible investment value of the project is approximately £9.96m.

The proposed public sector contribution (cost) is £8m (undiscounted) / £7.7m (discounted).

The project would generate both short/medium-term and long-term impacts. The quantitative economic appraisal and VFM analysis is based on the short/medium-term impacts only:

a. Gross employment impacts

New employment would be generated by the project through the occupation of fully refurbished business accommodation on the site.

The refurbishment of buildings will enable them to better accommodate existing operations, to stimulate increased employment densities and to attract new aerospace operations and other compatible employment opportunities to Llanbedr.

Wavehill have undertaken an Economic Impact Assessment for the Llanbedr Access Improvement and some on-site works (January 2017). They estimate that next phase of investment could see the site support over 75 jobs and deliver some additional £1m to the local economy based on high level additionality assumptions relating to future business, MRO and RPAS uses unlocked by the access improvement. In the longer term it estimates that at a Wales level the total number of jobs associated with the airfield would increase to an estimated 170 jobs and c. £6.4m.

Those calculations are considered to be conservative estimates given the proposed works forming this application for ERDF goes beyond the scope considered by Wavehill, and SAC has confirmed that it expects the proposed on-site works to increase the number of jobs currently accommodated [REDACTED], and the number of SMEs currently accommodated [REDACTED].

Taking into account currently vacant space, this implies an increase in overall density from a current figure of 92sqm per job to 58sqm per job. That figure is considered to be appropriate when considering the range of B Use Class employment densities provided in the HCA Employment Density Guide (ranging from 47sqm for light industrial uses to 60sqm for R&D space).

The economic appraisal is based therefore based on 165 gross direct jobs.

b. Net employment impacts

The project is estimated to support 187 net additional FTE jobs during in operation once full occupancy of newly refurbished space is achieved.

c. Gross Value Added (GVA) impacts

Through its impact on employment, the project would generate a GVA contribution to the economy of North Wales and the Valleys. This contribution will occur over the period in which net additional jobs are supported.

The project is estimated to support:

1. £43.9m (undiscounted) of total GVA over the appraisal period; and ⁽¹⁾_(SEP)
2. £34.5m (discounted) of total GVA over the appraisal period.

Longer Term Economic Impacts

The project would also generate wider economic impacts beyond the quantified employment and GVA benefits. As set out in the Strategic Criterion section, the project contributes to a number of important strategic economic development objectives for the local area.

Critically, the project would play a critical role as a catalyst for the delivery of wider activity at the airfield and in North Wales and the Valleys. Better access combined with the future development plans for the site is important in generating investor confidence at Llanbedr. This would contribute to further economic growth in the future through stimulation of new private sector investment in related activity.

The project would contribute to the development of the Snowdonia Enterprise Zone. Enterprise Zones are designated areas across Wales where the Welsh Government is seeking to create the best possible conditions for business in certain sectors to locate and grow. Llanbedr Airfield, specifically the Snowdonia Aerospace Centre which is located on the airfield, is part of the Snowdonia Enterprise Zone and has been identified as a site for aerospace related businesses. The segregated airspace within the area was a contributory factor for the designation of Enterprise Zone status and is instrumental to plans for Remotely Piloted Aircraft Systems (RPAS) testing and development at the Snowdonia Aerospace Centre.

Additional new build sites across the airfield could also be facilitated in the future. That would correspond with the LDP allocation for Llanbedr, where an area of approximately 29.6 hectares has been identified within the emerging draft LDP review as the focus for new development at the site.

Through the creation of new jobs in Llanbedr, the project would result in a decrease in the claimant count rate in travel to work areas, both by creating direct jobs on site, but also (and to a larger extent) by bolstering the supply chain across North Wales and the Valleys, creating indirect jobs both within the aerospace industry, and its supporting services.

e. Value for money

The VFM of the project has been assessed using Benefit Cost Ratio (BCR) and cost per job measures. The findings are as follows.

BCR

The estimated BCR is 1.7. A summary is below.

| | £m (to the nearest £0.1m) |
|--|---------------------------|
| Total public sector costs (discounted) | 7.7 |
| Benefits (discounted) | 34.5 |
| NPV | 26.7 |
| | Value |
| BCR | 4.5 |
| Adjusted BCR (with OB) | 3.1 |

Applying a 30% optimism bias adjustment to project benefits yields an adjusted BCR of 3.1. The project therefore performs strongly in terms of VFM using this metric.

It should be acknowledged that to retain consistency with the Priority 4.4 outputs we have focused narrowly on employment impacts and thus the economic appraisal presented within this Business Plan is a conservative approach. For example, this appraisal does not capture transport benefits (either to SAC tenants/visitors or other users of the A496).

Cost per job

The cost per job of the project has been estimated on the basis of the total public sector cost (£8m undiscounted) and is £42,756 per net job. The project comes in the middle of the range of established benchmarks for this metric from the PwC and HCA sources.

| Comparator | Cost per net job | Source |
|-------------------------------------|------------------|---------------------------|
| Proposed Scheme | £42,756 | Economic appraisal |
| Average – Place based interventions | £63,271 | 2009 RDA Evaluation |
| Upper bound | £51,000 | 2015 HCA cost per job |
| Mid-point | £39,850 | 2015 HCA cost per job |
| Lower bound | £28,700 | 2015 HCA cost per job |

The cost per gross job is £48,485.

As stated previously, the quantitative economic appraisal only includes the monetised short/medium-term benefits of the project (associated with the occupation of refurbished floorspace). It does not include the significant wider less tangible economic impacts that are expected, the longer-term impacts expected through increased private sector investment, or the wider geographical impacts induced through supply chain jobs and SMEs created across Wales through the “completion” of the Wales RPAS offer. The cost per job result should therefore be considered in this context.

Furthermore, the jobs would be provided in a rural area where employment opportunities are limited. Therefore, the value of these jobs and the impact on local communities would be greater than for employment created in more urban areas. It should also be noted that the airfield is expected to provide high quality jobs across a

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range of skill areas. There are limited prospects for other sectors or projects in this part of Wales to do similarly.

Conclusions

The project would deliver refurbished business accommodation to support aerospace operations, and provide enhanced road access to Llanbedr Airfield and Snowdonia Enterprise Zone. The business accommodation element will establish 15,265sqm of high quality refurbished space.

Together these elements would allow increased opportunities for commercial operations and outputs to be realised to the benefit of North Wales and the Valleys.

Llanbedr Airfield is strategically important to the success of the Snowdonia Enterprise Zone and to achieving economic growth in higher value added activities generating local employment opportunities and income.

The project requires a WEFO ERDF investment of £7.5m to contribute toward the total ERDF-eligible investment value of approximately £9.96m. [REDACTED]

The findings of the economic appraisal indicate that the project would generate the order of 187 net additional FTE jobs to the economy of North Wales and the Valleys. It is expected that a high proportion of these posts will be in relatively high value added activities. The majority of employment impacts will be generated through the occupation of newly refurbished office space at the airfield.

The project performs strongly on VFM using the BCR metric. The project has a BCR of 4.5. Applying optimism bias yields an adjusted BCR of 3.1. This is based on the GVA benefits of additional employment created at the airfield and occupation of refurbished business accommodation. There are significant wider impacts associated with the project however, which are not included in the BCR estimate.

The cost per job of the project has been estimated on the basis of the total public sector cost (£8m undiscounted) and is £42,756 per job. The project comes in the middle of the range of established benchmarks from the PwC and HCA sources – which range from £28,700 to £63,271 per job. The cost per gross job is £48,485.

The project would also generate wider economic impacts that are not included in the quantitative economic appraisal. Critically, the project will play a critical role as a catalyst in instilling higher investor confidence, increased private sector investment and the success of the Snowdonia Enterprise Zone. This will also in turn create jobs and SMEs across the supply chain pan-Wales by “completing” the Wales RPAS offer. The cost per job result should therefore be considered in this context.

Overall, the case for investment of WEFO ERDF funding in the project is strong.

There is a strong economic imperative to deliver regeneration through removing constraints to business activity, improving the attractiveness of the airfield and Snowdonia Enterprise Zone for future inward investment from the private sector.

Further Financial Criterion: Long Term Sustainability

Arrangements are in place to help ensure the long term sustainability of the site and its operations, supported by the project:

- a) The Welsh Government is committed to Llanbedr Airfield and the project, as a part funder, and as the responsible authority for the Snowdonia Enterprise Zone.
- b) As a designated Enterprise Zone, the site and project would be subject to ongoing evaluation by the Welsh Government and Gwynedd Council, and ongoing financial support through the Enterprise Zone financial initiatives.
- c) Gwynedd Council and the Snowdonia Enterprise Zone Board have a long term commitment to coordinating the promotion and investment in the Enterprise Zone, and its key stakeholders would continue to meet regularly to raise and address issues as appropriate, including overseeing the necessary investment for it to achieve its objectives.
- d) SAC have a long term 125-year lease and vested interest in the site and its economic development, as a private sector and commercial operation. SAC would continue to work collaboratively with the Welsh Government (the freehold owner of the site) and the Enterprise Zone Board, to help ensure ongoing investment and outputs are achieved to help benefit the regional economic and society. The 125-year lease from 30 May 2012 establishes the Welsh Government as freeholders and landlords, and helps ensure RPAS activities operate from the site as follows:
 - a. Restricts the use of the site to Aeronautical Use and B1, B2, & B8 and other uses approved by the Landlord;
 - b. Places an obligation on SAC to keep the property in good repair and condition at all times and to keep all runways in sound repair and condition sufficient to enable effective Aeronautical Use;
 - c. Places an obligation on SAC to maintain the property for the first 25 years of the lease as an airfield for Aeronautical Use equivalent in size to the airfield in existence at the start of the lease;
 - d. Places an obligation on SAC to keep Building 291 (its designated RPAS Hangar) for sole use by UAV operators;
 - e. Places an obligation on SAC to manage flying operations at the airfield, to ensure UAV operations can successfully operate at and from the airfield.

30 April 2018

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

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Section 3 - Annexes

Annex A: Risk Register

Annex B: Images of Completed Works at Llanbedr Airfield

Annex C: Delivery Profile

Annex D: Funding Confirmations

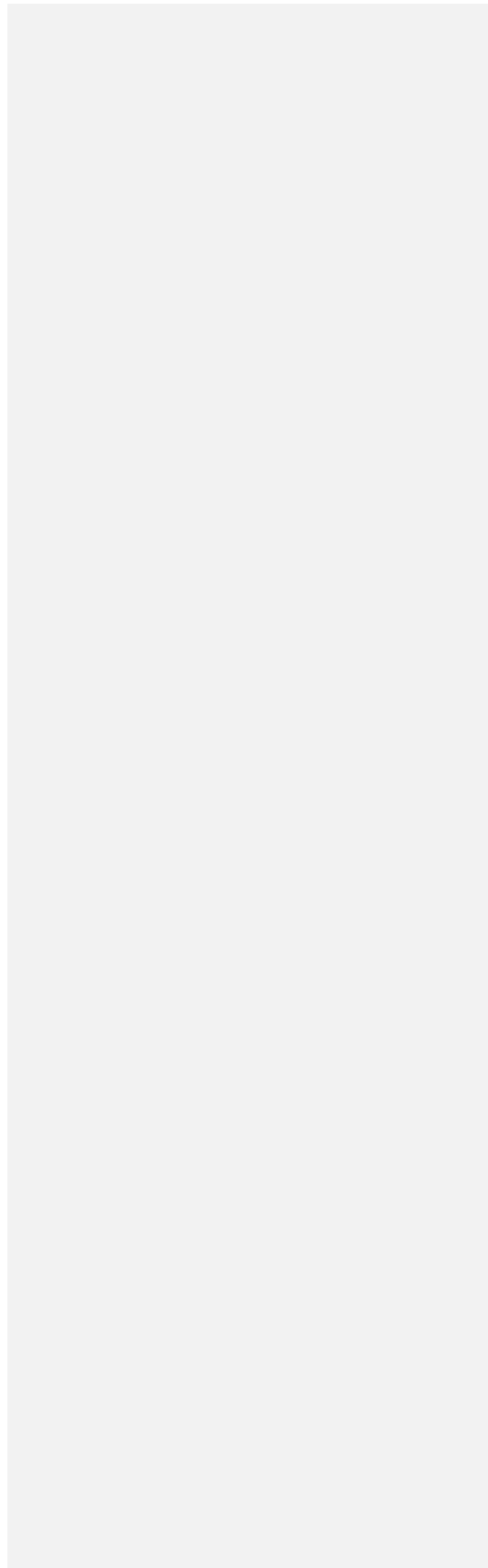
Annex E: Proposed job description of Infrastructure Development Project Manager

Annex F: Refurbishment of Premises Details

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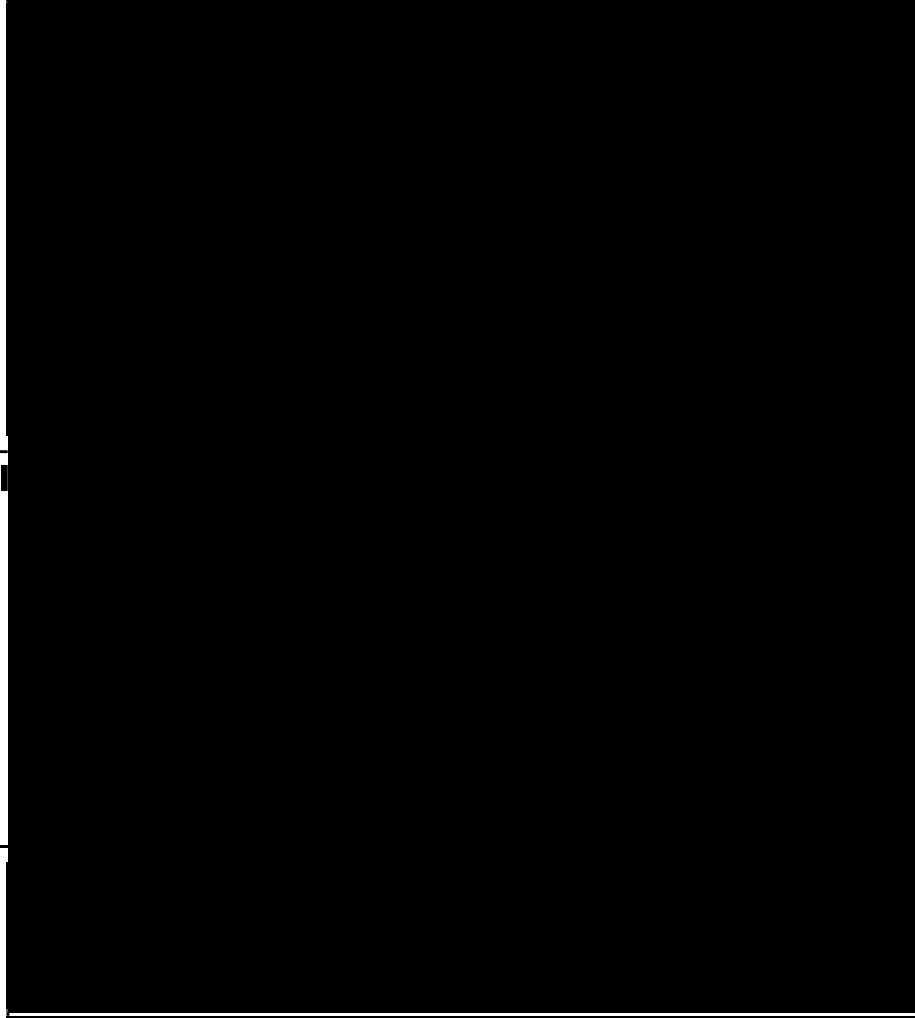
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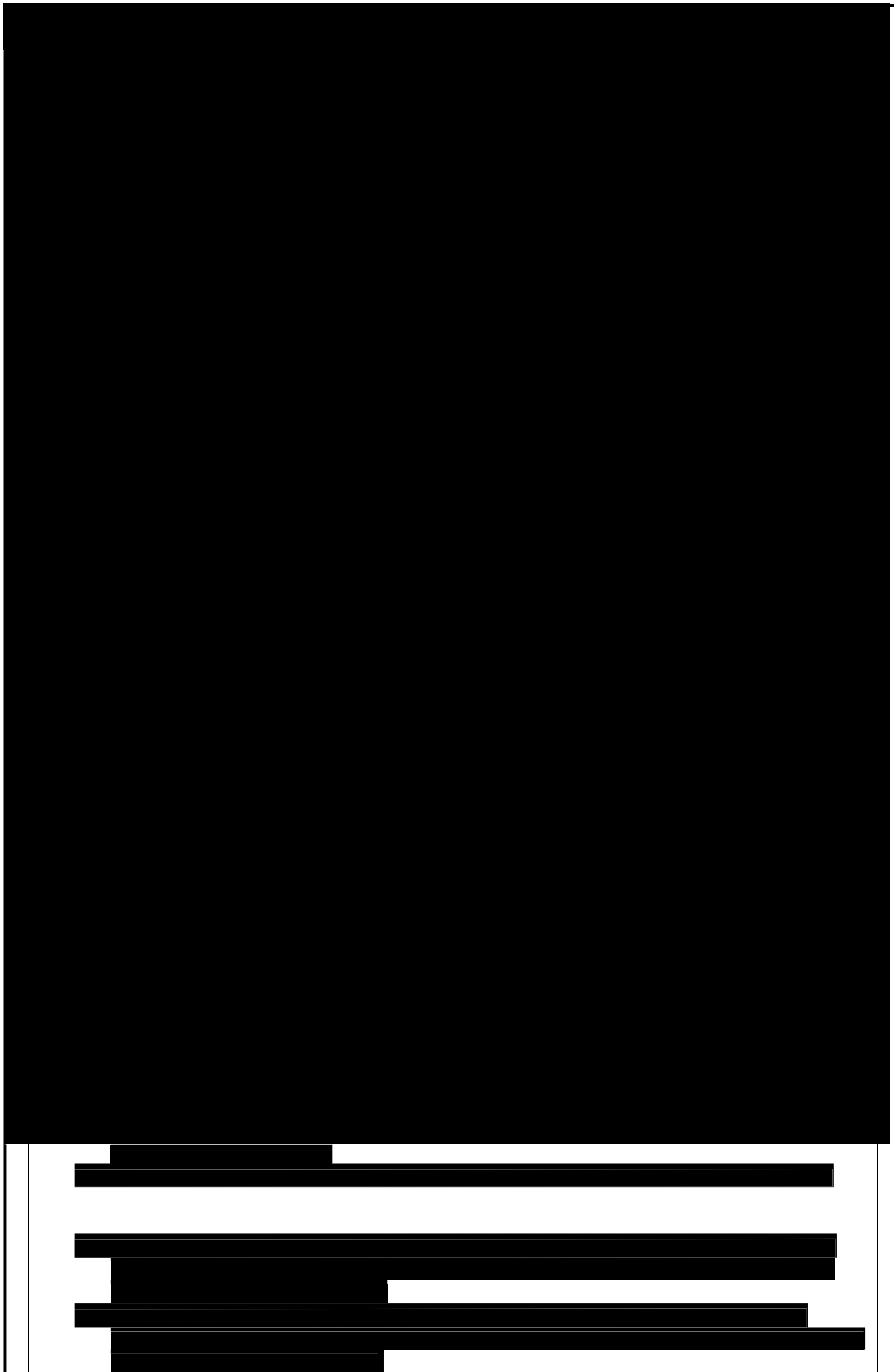
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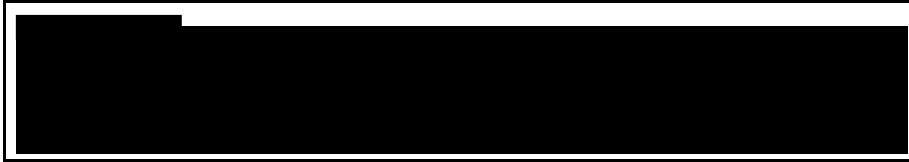
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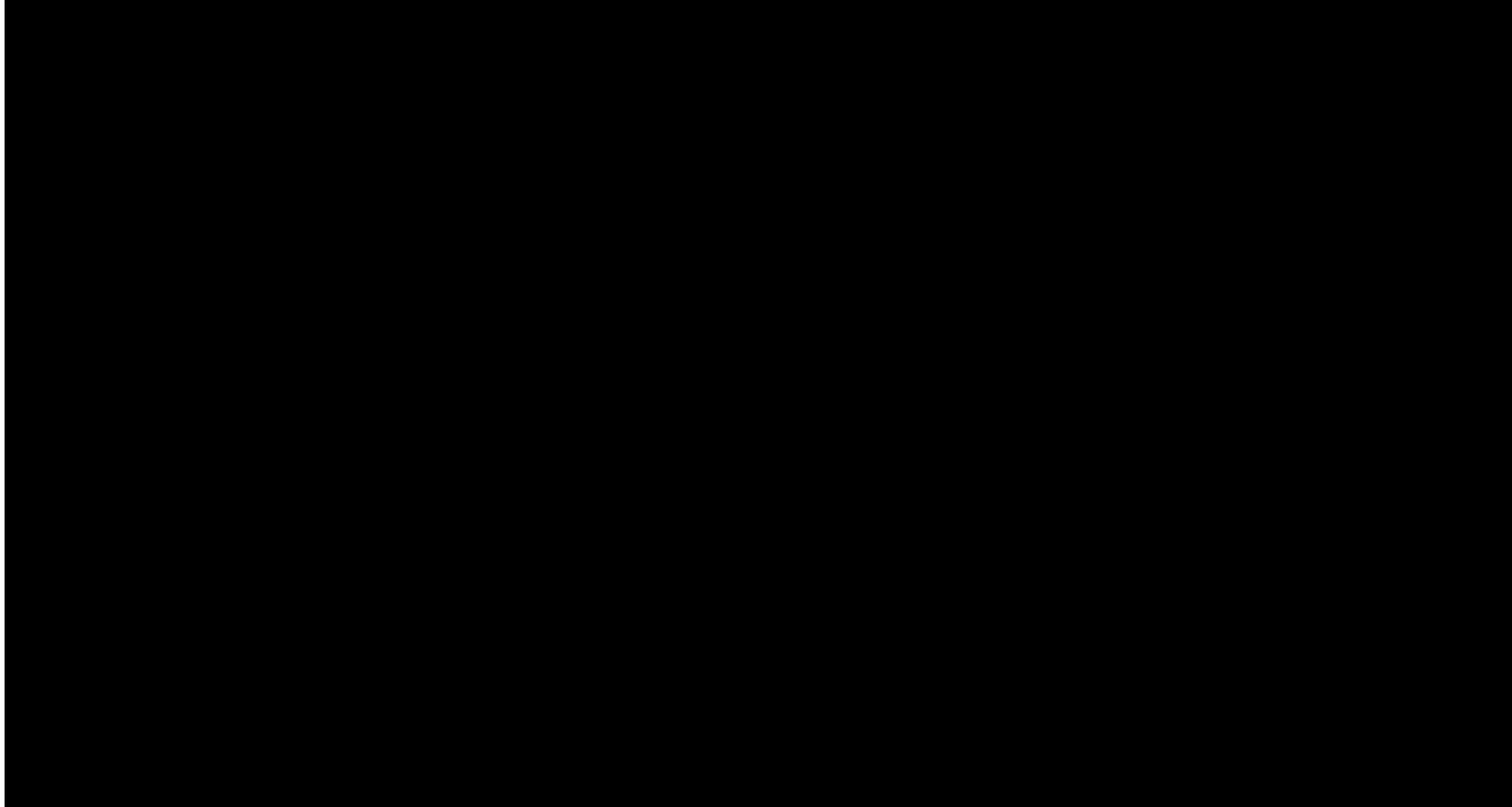
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