

5 July 2016

Agenda Item: 7

**REPORT OF THE CORPORATE DIRECTOR PLACE****EUROPEAN STRUCTURAL INVESTMENT FUND (ESIF) UPDATE****Purpose of the Report**

1. The purpose of this report is to:
  - a) update Committee on The European Structural Investment Funds (ESIF) available to support business growth, employment and skills and social inclusion in Nottinghamshire, and;
  - b) authorise the development of a bid for Careers Local.

**ESIF Background**

2. In 2013, Government asked each of the 39 Local Enterprise Partnerships (LEPs) to draw up a six-year strategy for spending a notional allocation of European Structural Investment Funds (ESIF) funds.
3. The D2N2 LEP £214M allocation for 2014-2020 was one of the largest in the country, comprising of:

<b>Fund</b>	<b>Purpose</b>	<b>Allocation</b>
European Regional Development Fund (ERDF)	Supporting business, particularly SMEs	£104.4M
European Social Fund (ESF)	Supporting people with employment and skills	£104.4M
European Agricultural Fund for Rural Development (EAFRD)	Supporting economic growth in rural areas	£5.5M

4. The overall ESIF programme is overseen by the D2N2 Board, which is made up of public and private sector members. The Leader and the Chief Executive represent Nottinghamshire County Council.
5. The D2N2 ESI Funds Sub-Committee looks in more detail at funding applications and comments on how they fit with local priorities and making recommendations. Councillor Meale and the Corporate Director for Place represent the Council on this board.

6. D2N2 LEP's share of the England programme is:

Fund	Priority Axis		ESIF	% of each Fund	% of ESIF Total
ERDF	1	Innovation	£20.9	20%	10%
	2	ICT	£10.5	37%	5%
	3	SME Competitiveness	£39.1	37%	18%
	4	Low Carbon	£23.5	23%	11%
<b>Total 1-4</b>			<b>£94.0</b>	<b>90%</b>	<b>44%</b>
ERDF	5	Climate Change	£5.2	5%	2%
	6	Protecting the Environment / Resource Efficiency	£5.2	5%	2%
<b>Total 5-6</b>			<b>£10.4</b>	<b>10%</b>	<b>5%</b>
<b>Total ERDF</b>			<b>£104.4</b>	<b>100%</b>	<b>49%</b>
ESF	8	Employment	£41.8	40%	19%
	9	Social Inclusion	£20.9	20%	10%
	10	Skills	£41.9	40%	19%
<b>Total ESF</b>			<b>£104.4</b>	<b>100%</b>	<b>49%</b>
<b>Total EAFRD</b>			<b>£5.5</b>		<b>3%</b>
<b>Total ESIF</b>			<b>£214.3</b>		<b>100%</b>

### European Regional Development Fund (ERDF)

- The European Regional Development Fund (ERDF) is one of the European Union's Structural Funds used to tackle regional disparities across Europe. ERDF helps to stimulate economic development and growth; it provides support to businesses, encourages innovation and supports regeneration.
- A number of ERDF calls aligned to the D2N2 priorities have been issued since the commencement of the programme. A selection of the successful ones are listed at Appendix A.

### Technical Assistance (TA)

- It is envisaged that Technical Assistance (TA) in the D2N2 area will play a key role in ensuring that projects funded by both ESF and ERDF are designed, delivered, monitored and evaluated in compliance with EC and national funding regulations. *(Please note TA is not available to support the EAFRD element of the Strategy)*
- A consortium of partners led by Derby City Council has been successful in securing ESIF monies (subject to contract) to deliver a Technical Assistance service across D2N2. The purpose of the Technical Assistance service will be to assist applicants with the development of high quality funding submissions, which also meet the objectives of the D2N2 ESIF strategy.
- Nottinghamshire County Council is in the process of recruiting one full time equivalent post to deliver the ERDF element of the project. Nottingham City Council is recruiting a similar role to support the ESF element. We envisage the two post holders working together to deliver a cohesive service, with the post holders covering both the City and the County to provide advice and guidance on their area of specialism.

## **European Social Fund (ESF)**

12. The European Social Fund (ESF) is part of the European Structural and Investment Funds for 2014-2020. The aim of ESF is to increase labour market participation, promote social inclusion and develop the skills of the future and existing workforce.
13. Appendix B details ESF opportunities match funded by the Skills Funding Agency, the Department for Work and Pensions or the Big Lottery Fund. This means that ESF provide 50% of the costs and one of these organisations meets the remainder.
14. One particular project worthy of note is the **Careers Local opportunity**. This is aimed to support young people aged 15 – 19 who at risk of being Not in Employment Education or Training (NEET). The provision is intended to build upon and enhance the existing Careers Information Education and Guidance (CIEG) including the Careers and Enterprise Company (CEC) and help to embed the principles of the D2N2 Employability Framework within schools and colleges.
15. Careers Local will provide grants to schools and colleges to enable them to buy in expertise to deliver employability and enterprise skills to young people at risk of becoming NEET. This activity fits with the council's priorities in reducing youth unemployment.
16. The Department for Communities and Local Government (DCLG) have indicated that they will be looking for one organisation to manage the grant process across D2N2. Subject to the agreement of Nottingham City Council and the D2 authorities, Nottinghamshire County Council has expressed an interest in becoming the Accountable Body for Careers Local.
17. Subject to a positive resolution of the discussions, permission is sought from Committee to submit a bid as the managing agent for Careers Local. This role does not require any financial commitment from the County Council although there is a potential financial risk as the council will be subject to audit and potential clawback of funds by DCLG if financial regulations are not adhered to.
18. The £2.0M project includes management costs for administering the grants and all of the costs incurred could be recovered. It is envisaged that additional staff would need to be recruited and this would be subject to a further report to Committee.

## **European Agricultural Fund for Rural Development (EAFRD)**

19. The next EAFRD call is due to open in the Autumn. To date there has been slow progress in the number of applications from Nottinghamshire; we are working with partners to try to rectify this.

## **Reason for Recommendation**

20. To update Committee on the ESIF programmes and highlight where applications are being developed by Economic Development to leverage additional fund into Nottinghamshire businesses and communities.

## **Statutory and Policy Implications**

21. This report has been compiled after consideration of implications in respect of crime and disorder, finance, human resources, human rights, the public sector equality duty, safeguarding of children and vulnerable adults, service users, sustainability and the environment and ways of working and where such implications are material they are described within the body of the report.

## **Finance implications**

22. If the County Council acts as the managing authority for Careers Local, there is a potential exposure to risk of clawback of funds as with any grant-funded programme. This risk will be mitigated by ensuring adequate systems are put in place with the support of the Council's finance department.

23. Any management or administration costs incurring by the County Council as managing authority for this project will be met from within the grant funding for the project.

## **RECOMMENDATIONS**

24. It is recommended that Committee:

- a) Agrees that, subject to partner agreement, Nottinghamshire County Council can act as the lead and managing authority for the Careers Local programme across D2N2.

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**Corporate Director Place**

**For any enquiries about this report please contact:**

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## **Constitutional Comments [KK 20160622]**

The proposal in this report is within the remit of the Economic Development Committee.

## **Financial Comments [RWK 22/06/2016]**

The financial implications arising from this report are set out in paragraphs 22 and 23.

## **Background Papers**

- *Additional proposal for Economic Development budget 2015-16*, report to Economic Development Committee, 7<sup>th</sup> July 2015, published
- *European Structural Investment Fund: ERDF ICT Funding Call*, report to Economic Development Committee, 8<sup>th</sup> September 2015, approved
- *European Structural and Investment Fund (ESIF) support for technical assistance bid*, report to Economic Development Committee, 3<sup>rd</sup> November 2015, approved
- *European Structural and Investment Fund (ESIF) Technical Assistance*, report to Economic Development Committee, 1<sup>st</sup> December 2015, published

- *ESIF Programme: D2N2 Digital Business Growth Programme*, report to Economic Development Committee, 19<sup>th</sup> January 2016, published
- *Economic Development Strategy – Delivery Plan and Budget 2016-17*, report to Economic Development Committee, 22<sup>nd</sup> March 2016, published

**Electoral Division(s) and Member(s) Affected**

All

## Appendix A: ERDF calls issued

Priority Axis	
<b>1: Promoting Research and Innovation</b>	<ul style="list-style-type: none"> <li>Inspiring Networking to Stimulate Technology Innovation in Life Sciences (INSTILS) is a project which will support SMEs to access high value cutting edge expertise from sector specific specialist and services, local research entities (universities and NHS Trusts) and other life science businesses. This project is has been developed by Medilink East Midlands.</li> </ul>
<b>2: Enhancing Access To, and Use and Quality of, ICT</b>	<ul style="list-style-type: none"> <li>Nottinghamshire County Council is leading on an ERDF funding submission; the proposal will see £7.2m of funding invested into the D2N2 economy. Delivered through a consortium of public and private partners the 'D2N2 Digital Business Growth Programme' will deliver a bespoke business support programme that will enable SME's to explore and introduce new and emerging ICT products and services to their business.</li> <li>The services will be available through the D2N2 Growth Hub and delivered through interactive seminars, demonstrators, action planning workshops and 1 to 1 technical advice/ skills sessions. There will also be a grants scheme to enable businesses to implement their growth plans</li> <li>The full application was submitted to the Department for Communities &amp; Local Government (DCLG) in March 2016 and is currently being appraised and a decision is due imminently. If successful, the project is due to start in September 2016.</li> </ul>
<b>3: Enhancing the Competitiveness of Small and Medium Sized Enterprises</b>	<ul style="list-style-type: none"> <li>Approval has now been given to the expansion of the D2N2 Growth Hub, currently the subject of a financial agreement between CLG, Nottingham City Council as accountable body and its partners. The Growth Hub will secure £1.27M in grant matched by partners, aimed at expanding the Growth Hub's one-stop shop activity, offering a greater access to business support. In the N2 area, this will see the expansion of the City Council's existing business support service and across the County, the establishment of a new County Council service offering direct business support and advice – all co-ordinated under the D2N2 Growth Hub umbrella.</li> <li>A project led by The University of Derby with the brand name of ENSCITE will assist 110 companies in transport equipment manufacturing supply chains to review their current business and provide a package of business support activities and events. It will complement other business support activities by adding value within the existing referral network including the Growth Hub.</li> <li>The D2N2 Growth and Innovation Programme developed by East Midlands Business Limited (EMB) brings together 3 grant schemes: <ul style="list-style-type: none"> <li>➤ University of Derby Invest to Grow Programme</li> <li>➤ University of Nottingham N2 Business Growth Programme</li> <li>➤ D2 Enterprise Growth Fund</li> </ul> </li> </ul>

	<ul style="list-style-type: none"> <li>It will help to stimulate economic growth, employment and innovation in the D2N2 area by providing grants to small and medium enterprises that want to grow, innovate and create sustainable new employment.</li> </ul>
<b>4: Promoting climate change adaptation, risk prevention and management.</b>	<ul style="list-style-type: none"> <li>A call has recently closed for projects to enhance the businesses and the economy's resilience to the effects of climate change along the Lower Derwent in Derby. Project to mitigate the effects of flooding in the area will be considered. There is funding of £3.0m available</li> </ul>
<b>5: Preserving and Protecting the Environment and Promoting Resource Efficiency</b>	<ul style="list-style-type: none"> <li>The two key activities under this call are to encourage businesses to use resources more efficiently and improve the means by which land is protected environmentally. This would include measures to protect and restore biodiversity, soil quality and ecosystems and to promote innovative technologies to improve environmental protection and efficient use of resources. Funding of £2.8m is available.</li> </ul>

## Appendix B: ESF Opt-In Opportunities

<b>Inspire Local (£4.5m)</b>	<ul style="list-style-type: none"> <li>This programme is aimed at people who are receiving health related benefits but could be work ready within 12 months. The programme will start with a two week motivational programme and then participants are allocated a personal mentor who will work with them on a one to one basis for up to 52 weeks.</li> <li>The County Council are supporting a consortium led by Futures Advice Skills and Employment which includes voluntary sector organisations from across the D2N2 area but will not be part of the delivery consortium. Inspire Local is designed to be the next step towards employment and training for participants on the Building Better Opportunities projects as referenced in paragraphs 39 – 44 of this report.</li> <li>Inspire Local was released on the 3<sup>rd</sup> May and the deadline for submissions was the 14<sup>th</sup> June. The contract is expected to go live in December 2016 and will last for two years.</li> <li>The contract holder will be expected to work with at least 1,762 people across D2N2</li> </ul>
<b>The following programmes are due to be released in July 2016:</b>	
<b>Employ Local (£5.4m)</b>	<ul style="list-style-type: none"> <li>Employ Local will provide one point of contact for employers to:</li> <li>Support with recruitment e.g. advertising vacancies, screening applicants, interview days</li> <li>Support to take on an apprentice, providing advice guidance and practical help to the employer through the process and ongoing mentoring support</li> <li>Financial incentives to create new apprenticeships, jobs in SME's and traineeships</li> <li>Employment and training incentives to support SME's with initial training costs of previously unemployed new recruits</li> <li>The County Council, Districts, Boroughs, Nottingham City Council, Futures Advice, Skills and Employment (lead organisation) and the DWP are working together to develop a partnership bid for Employ Local on behalf of the Economic Prosperity Committee.</li> <li>The benefit of implementing the Jobs Hub across the county will be that unemployed residents in the county will get pre - employment training, additional support to find and sustain jobs and be linked to the additional skills pathways being developed through ESF when in work. The Employ Local opportunity will be commissioned via two contracts, one for Derby City and Derbyshire and one for Nottinghamshire and Nottingham City.</li> <li>The Employ Local service will engage with 2,343 unemployed people in N2</li> </ul>
<b>Careers Local (£2.0m)</b>	<ul style="list-style-type: none"> <li>See paragraphs 14-18 of the main report</li> </ul>
<b>Skills Local (£6.3M)</b>	<ul style="list-style-type: none"> <li>Skills Local is a programme for employers to develop higher skilled pathways for their employees by:</li> </ul>



	<ul style="list-style-type: none"> <li>• Providing one point of contact for employers to support workforce development and for skills capacity to support business growth</li> <li>• Support for employees to develop their skills</li> <li>• Incentives for employers to develop their workforce</li> <li>• This programme is likely to be of most interest to colleges and training providers. It is recognised that this programme will need to liaise closely with the other programmes especially Employ Local, the Futures/N2 Local Authority proposition for Employ Local will reference this.</li> <li>• This service will engage with 3902 employees and support 1,600 employees to achieve a Levels 2, 3 or 4 apprenticeship</li> </ul>
<b>D2N1 Youth Engagement (£3.2m)</b>	<ul style="list-style-type: none"> <li>• This programme is aimed at 16 – 24 year olds who are not in education, employment or training (NEET) and will re-engage them back into the world of education or employment. The programme will offer tailored support and mentoring to individuals to address their needs.</li> <li>• It will cover D2 and Nottinghamshire only as Nottingham City has its own larger programme due to the level of youth unemployment in the city. It is expected there will be a contract for Derby and Derbyshire of £1.9m and one for Nottinghamshire of £1.3m</li> <li>• Futures Advice Skills and Employment and Skills for Employment a project which is part of the newly formed Inspire Community Benefit Society are working together to develop a bid for Youth Engagement. Economic Development have offered to support Futures with the development of their proposal as reducing levels of NEET young people is a priority.</li> <li>• The successful contractor will be expected to work with 484 young people in Nottinghamshire</li> </ul>
<b>ESF Open Calls - Organisations wishing to bid for the following calls will have to provide 50% of match funding</b>	
<b>Higher Skills Development (£4.8m + £4.8m match)</b>	<ul style="list-style-type: none"> <li>• This programme is primarily aimed at SMEs to support them to provide graduate, advanced and higher apprenticeships opportunities. Is intended that the programme works closely with the Employ Local and Skills Local programmes to create a pathway for individuals to gain employment and progress on the skills ladder to increase their personal effectiveness and SME competitiveness.</li> <li>• A potential issue for any organisations wishing to develop a bid is that one million pounds of match funding will need to be identified. This programme aligns to activity that the Graduate Retention Steering Group comprising of Nottingham Trent, University of Nottingham, Nottinghamshire County Council and Nottingham City Council have been developing.</li> <li>• Discussions with the two universities and Nottingham City Council have begun to establish whether it is feasible to identify sufficient match funding to develop a bid for Higher Skills Development.</li> </ul>

<b>Enterprise Innovation and Pathways (£2.1m + £2.1m match)</b>	<ul style="list-style-type: none"> <li>This programme aims to provide career insights, specialist careers support and employment for young people and adults. It intended to complement the other schemes and support disadvantaged young people. It will have a particular focus on women entering or re-entering the work place to address the gender imbalance in the employment rate.</li> </ul>
<b>Develop Sector Growth (£1.1m + £1.1m match)</b>	<ul style="list-style-type: none"> <li>The Sector Growth programme is aimed at employers in the identified D2N2 growth sectors. It will be employer led and will bring together employers in sectors to plan the training and skills requirements they need to enable business growth.</li> </ul>
<b>Building Better Opportunities (BB0) Social Inclusion. BBO is co-funded through ESF and the Big Lottery Fund</b>	
<b>Towards Work (£7.4m)</b>	<ul style="list-style-type: none"> <li>The Towards Work programme aims at supporting excluded people towards employment with particular focus on women returners, older people (55+) and young people not engaged with other programmes.</li> <li>There are currently two organisations, The Coalfields Regeneration Trust and Groundwork Nottingham who passed the first stage and have been funded by the Big Lottery to develop their final bid. It is expected that a final decision will be announced in the autumn</li> </ul>
<b>Multiple &amp; Complex Needs (£4.6m)</b>	<ul style="list-style-type: none"> <li>This opportunity is aimed at people who experience three out of the following four issues: <ul style="list-style-type: none"> <li>mental health challenges;</li> <li>substance misuse;</li> <li>reoffending and</li> <li>homelessness or unstable housing.</li> </ul> </li> <li>The project will provide intensive support and positive interventions to participants that face multiple and complex needs and are furthers away from the labour market.</li> <li>There was only one organisation invited to submit a second stage application, Framework Housing Association. They are currently awaiting a decision, which is expected in the autumn.</li> </ul>
<b>Financial Inclusion</b>	<ul style="list-style-type: none"> <li>The Financial Inclusion programme is intended to address financial barriers to work by providing a holistic assessment of individual needs, followed by interventions that are tailored to help them move towards work and out of poverty.</li> <li>A decision on the successful organisations bid, St Anns Advice Group, is expected in the autumn.</li> </ul>