

18 March 2016

Agenda Item: 5

REPORT OF THE DIRECTOR, ECONOMIC DEVELOPMENT, NOTTINGHAM CITY COUNCIL

EUROPEAN STRUCTURAL AND INVESTMENT FUND (ESIF) TECHNICAL ASSISTANCE - UPDATE

Purpose of the Report

1. To update the Economic Prosperity Committee (EPC) on progress on European Structural Investment Funds.

Background

2. European Structural Investment Funds (ESIF) are a significant source of funding for economic development and social inclusion activity. The national Operational Programme, which sets out the basis on which funds can be used, has now been agreed with the European Commission, and local authorities (and others) have started the process of bidding for funds under this programme. This report sets out a summary of progress on:
 - a) The ESIF programme as a whole (being co-ordinated locally by D2N2 LEP)
 - b) The Sustainable Urban Development Strategy for Nottingham Urban Area (being co-ordinated locally by Nottingham City Council in collaboration with Nottinghamshire County Council and Urban Area Districts)
3. Since the formal agreement of the ERDF, ESF and EAFRD Operational Programmes, the D2N2 ESIF Committee is now in its 'operational' phase of translating its ESIF Strategy to delivery. This should not be affected by the EU referendum. Calls will go out as programmed, but publicity opportunities will be limited in the last month of the campaign.

i. ESIF Funding Committed to date

ERDF

Four projects from the first call for PA1 (Innovation) and PA3 (SME Competitiveness) have been approved and are pre-contract:

- Catalysing Growth through Research for Transport Equipment Manufacturing – University of Derby;
- Enabling Innovation – University of Nottingham;
- Food Enterprise Advisory Support Team (FEAST) – Food and Drink Forum
- Enterprising Growth – NBV.

All of these offer support for businesses throughout the whole D2N2 area.

A further call focused on ICT revenue / business support projects. A LEP wide bid led by Nottinghamshire County Council has been submitted.

Further bids are likely to go to the April ESIF sub-committee for approval including:

- D2N2 Growth Hub – Nottingham City Council
- Creative and Digital Industries D2N2 Consortium for increased SME Competitiveness – Nottingham City Council
- In-bound investment from SMEs into Nottinghamshire – Marketing Nottingham and Nottinghamshire

ESF

The Nottingham Youth Employment Initiative (YEI) projects are pre-contract and should start on April 1st.

EAFRD

21 bids have been approved at Outline Application stage for funding to support growth in rural micro and small businesses. These will be invited to submit full applications. This fund helps rural businesses to grow and diversify their activity.

ii. D2N2 ESIF Future Calls Programme and Committee Meetings

ERDF

Calls will be issued in April for PA5 and PA6 activity. These priorities support projects dealing with climate change mitigation (especially flood defences); and environmental protection and resource efficiency.

A call for further activity under PA4 (Low Carbon) will be issued in July.

ESF

SFA opt-in – This includes three programmes: SKILLS Local, EMPLOY Local and CAREERS Local. All are match funded at source by the SFA. The focus is on skills provision for those in work, unemployed or those at risk of becoming NEET. Procurement is expected in April/May.

DWP opt-in (INSPIRE Local Programme) – this programme will be a wrap-around service to provide a coherent pathway to employment for individuals who are currently not progressing towards work, with concentration on health-related issues and for those aged 50 plus. It is match funded by DWP and delivered throughout D2N2. DWP will tender for an organisation to deliver the programme. This is now expected to be procured by June.

Open calls – there should be three open calls through ESF launched in June:

- Higher Skills Development
- Enterprise, Innovation and Pathways
- Developing Sector Growth

Details of the strategic overview's for each are currently being finalised. Bids through these calls will all require match funding.

The next ESIF sub-committee meeting is April 1st.

iii. Review of ESIF Strategy

The D2N2 ESIF programme has been revised and is currently with DCLG for agreement. Because of disagreements on how the splits between allocations under different PAs have been dealt with this currently has the LEP's preferred position as well as DCLG's settlement.

iv. Financial Instrument

Nottingham City Council has supported D2N2 and the other four East and South-East Midlands LEPs to develop proposals for a Midlands-wide 'Fund-of-Funds', alongside the six West Midlands LEPs. This Fund-of-Funds, now known as the Midlands Engine Investment Fund (MEIF), will support enhanced access to finance for SMEs through a series of managed sub-funds. This is a key element of the 'Finance for Business' Theme of the Midlands Engine initiative. An announcement on the delivery of MEIF and additional Government funding is expected in the Budget Statement on 16th March.

v. Technical Assistance Programme

The D2N2 Secretariat, local authorities and other partners have submitted bids for ESF and ERDF 'Technical Assistance' funding to create a partnership to support the development of high quality applications to the ESIF programme. These bids are still being appraised but it is likely it will result in the approval of posts for both ESF and ERDF support to cover N2.

vi. Sustainable Urban Development (SUD) Strategy

Following consultation with the local authorities within the SUD programme area (a Steering Group comprising Nottingham City, Ashfield, Broxtowe, Gedling, Rushcliffe as well as Nottinghamshire County Council) a revised draft SUD Strategy was submitted to the Managing Authority in December.

The SUD strategy will provide funding for a range of activities which support productivity improvement across priority sectors through issuing calls in a way that promotes a joined up, programmatic approach, to provide:

- Capital investment in buildings
- Revenue funding for: Business support (including start-up); Training; Events and marketing; Grants and loans; Network management

Governance and formal responsibilities will need to be agreed and the Managing Authority foresees this happening April 2016. Officers on the SUD Steering Group have proposed:

- using the ESIF Programme Board as a mechanism for making recommendations on successful bids to the managing authorities
- that the Steering Group provides advice to that Programme Board in a way which avoids potential conflicts of interest between local authorities as bidders for funds and as advisors.

When making or encouraging bids to come forward, all local authorities will need to recognise that match funding (usually of 50% of project cost) needs to be found.

Reason(s) for Recommendations

4. This update is presented to the EPC now in order to ensure that Members are aware of current status as the programme is entering its operational phase. In accordance with the UK Operational Plan, recommendations to the Managing Authority are made by the ESIF Programme Board, which has representation from members of the EPC.

Statutory and Policy Implications

5. 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

6. The ESIF programme from 2014-2020 is worth some £173.2m to the D2N2 area (subject to revisions due to factors such as exchange rate fluctuations) – which then has to be matched by local funding sources. Financial implications for the constituent members of the N2 EPC will be dependent on the projects which are submitted in response to each of the calls and their accountability for grant funding within these.

RECOMMENDATIONS

7. That the EPC:

- a) Notes the current status of EU funding bids and work underway to secure these funds
- b) Notes the Sustainable Urban Development strategy for the Nottingham Urban area which has been submitted to DCLG for negotiation.

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For any enquiries about this report please contact:

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Background Papers

D2N2 EU Structural and Investment Fund Strategy 2014 - 2020

<http://www.d2n2lep.org/EUFunding/Key-Documents>

Electoral Division(s) and Member(s) Affected

All