Nottinghamshire County Council

REPORT OF THE CORPORATE DIRECTOR, POLICY, PLANNING AND CORPORATE SERVICES

EUROPEAN STRUCTURAL INVESTMENT FUND: ERDF ICT FUNDING CALL

Purpose of the Report

1. To inform Committee about the European Structural and Investment Funds (ESIF) call that is inviting bids for digital business support activities under the Information and Communications Technology theme.

2. To seek approval to submit a bid for funding and, in principle, to match funding for this activity.

Information and advice

England ERDF Programme 2014-20

3. The Derby Derbyshire Nottingham and Nottinghamshire Local Enterprise Partnership (D2N2 LEP) is responsible for setting the strategic direction and priorities of the 2014-20 European Structural and Investment Funds (ESIF). The LEP has been awarded £214.3m of ESIF funding that is split between European Social Fund (ESF) - £104.4m, European Regional Development Fund (ERDF) - £104.4m and European Agriculture Fund for Rural Development (EAFRD) - £5.5m to invest in boosting jobs and growth. The application process for all ESIF calls is being managed centrally by Government and call details and information on how to apply are on the **Gov.uk website**

4. The 2014-20 ESIF Strategy for D2N2 (www.d2n2lep.org/EUFunding) sets out the key areas for investment against the LEP's four strategic priorities: employment and skills, innovation, business support and access to finance, and infrastructure. The remainder of this report relates to ERDF only.

5. In late June 2015, the European Commission signed off the England ERDF Operational Programme 2014-20. All guidance and rules can be found via the Government's website www.gov.uk/european-growth-funding. As the Managing Authority, the Department for Communities and Local Government (DCLG) then

opened the process for Calls for Proposals across England for ERDF against various Priority Axes. This included the D2N2 LEP area.

ICT Funding Call

6. The D2N2 LEP released a July 2015 call under ERDF Priority Axis 2 – enhancing access to, and use and quality of, information communication and technology (ICT), which invites bids that focus on Investment Priority 2b – developing ICT products and services, e-commerce, and enhancing demand for ICT.

7. It is worthy of note that there is no intention currently for a call for ICT 'infrastructure' activities (Investment Priority 2a) due to the challenges for potential applicants in demonstrating additionality to the extensive existing programmes of public and privately funded infrastructure investment, such as Better Broadband for Nottinghamshire (BBfN).

8. The July 2015 call has an indicative funding pot of £3,800,000. The Managing Authority does not intend to allocate less than £500,000 ERDF to any single project and has stated a preference for proposals which cover the entire D2N2 area. The maximum ERDF Contribution Rate is 50% of the total eligible project costs with the remaining 50% or more coming from other eligible sources. Consequently, total project costs must exceed £1,000,000.

9. The County Council is leading a potential bid to this call with D2N2 upper tier councils and other partners (i.e. universities) as it relates directly to the Council's broadband programme and our efforts to drive take-up through demand stimulation activity. Committee previously agreed (7th July 2015) to allocate £25,000 to support the initial costs of a digital business support programme in 2015-16, with activity starting in January 2016. If a bid were successful, provision would need to be made in future budgets for this activity as it would be a three-year programme, with a minimum of £250,000 match funding required to support the Nottinghamshire elements of it. Nottinghamshire County Council would not be expected to contribute all of this match funding and discussions have already started with other public sector and potential delivery partners to secure match funding from alternative sources. In addition, businesses benefitting from the proposed programme may have to make contributions themselves.

10. The specific objective is to increase the number of SMEs (including Social Enterprises) across D2N2 making productive use of digital technologies. Crucially it will help SMEs understand and use ICT products and services appropriate for their business in order to broaden their product / service offer. Funding may support the following actions:

- Support for SMES to update or introduce new ICT business models which will drive business performance;
- Provision of coaching, advice, consultancy, mentoring and support for SMEs to access new markets through improved ICT connections, develop ICT skills strategies and improve their productivity;

- Demand-side voucher schemes;
- Demonstration and pilot projects, showcasing how SMEs can stimulate innovation through smarter use of ICT;
- Support for dissemination of results from demonstration and pilot projects

11. Infrastructure alone will not deliver sustainable economic growth but businesses taking advantage of enhanced digital connectivity will support growth and increased productivity. The pace of development and change in new technology can mean that the benefits of adopting a specific technology / ICT are not yet fully understood by businesses. This knowledge gap largely arises from users not being able to identify the return on their investment, with limited experience of the benefits that new digital connectivity or technologies can generate.

12. This call provides an opportunity to deliver enhanced support to SMEs and social enterprises to increase their use of broadband and other emerging technologies to broaden their product / service offer. This should result in more business start-ups, increased business growth and productivity, commercial innovation and knowledge exchange, increase in flexible working patterns, such as homeworking or teleworking, as well as access to the labour market for specific excluded groups, such as carers and some disabled people.

13. Without a comprehensive programme of support for businesses, which helps to translate ICT and technological capabilities relating to superfast broadband and other technologies into commercial opportunities or different ways of working, the full potential benefits of infrastructure investment in achieving a step change in the D2N2 economy are unlikely to be realised.

Other options considered

14. The County Council could choose not to be involved in the ESIF ICT call. However this would not be in line with overall objectives to maximise the use of digital infrastructure to stimulate economic growth, which is a key priority for the Council's Better Broadband for Nottinghamshire programme. In addition, if the County Council did not lead a consortium bid, the opportunity to secure significant European funds for Nottinghamshire could be lost.

Reasons for recommendation(s)

15. As noted in the report to this Committee on 7th July 2015, the County Council is leading a potential bid for these ERDF funds with partners across the D2N2 area. The deadline for outline applications is 25th September and approval is required for the submission of a bid with the County Council acting as the lead and accountable body.

Statutory and Policy implications

16. 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 in the body of the report.

Financial implications

17. £25,000 has been allocated in 2015-16 towards a digital business support programme by the Economic Development Committee held on 7th July 2015. A minimum contribution of £250,000, spread over three years, will be required to support the Nottinghamshire elements of the bid [note: contributions will be sought from other partners / stakeholders]. If the outline application is successful, a further report will be brought to this Committee to seek approval for the County Council's contribution to match funding for this project.

RECOMMENDATIONS

18. It is recommended that Committee:

   a) Approves the submission of an outline application under the D2N2 ERDF ICT Call;
   b) Approves, in principle, a contribution to the required match funding package

Report of the Corporate Director, Policy, Planning and Corporate Services, Jayne Francis-Ward
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Constitutional Comments [SLB 27.08.2015]
Economic Development Committee is the appropriate body to consider the content of this report.

Financial Comments [NDR 26/08/2015]
The financial implications are set out in paragraph 16 of the report.

Background Papers and Published Reports
Additional proposals for Economic Development budget 2015-16, report to Economic Development Committee, 7th July 2015, published.

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