

17 September 2014		ITEM: 5
Planning, Transport and Regeneration Overview and Scrutiny Committee		
European Union Funding Programmes		
Wards and communities affected: All	Key Decision: Non-key	
Report of: Stephen Taylor, Projects and Programmes Manager		
Accountable Head of Service: Matthew Essex, Head of Regeneration		
Accountable Director: Steve Cox, Assistant Chief Executive		
This report is Public		

Executive Summary

The members of the European Union have agreed a new regional policy for the period 2014-20 which focuses on economic growth. The funds which support the delivery of regional policy are now being revised to reflect this new focus and, in the UK, the Government has decided that the large majority of the funding will be allocated to Local Enterprise Partnerships to oversee the development and delivery of the programme.

The South East Local Enterprise Partnership (SELEP) has been allocated £179.5m over the funding period which will be matched with resources from elsewhere to deliver support for businesses and for people seeking to access jobs. SELEP has been working with partners, including the Council, to develop programme priorities together with appropriate governance arrangements. This paper sets out the process adopted to develop the programme, the timetable for completing negotiations and the emerging priorities for support.

1. Recommendation(s)

1.1 Members are invited to review progress and comment on the priorities identified for the new European Growth Programme.

2. Introduction and Background

2.1 The European Union Structural and Investment Funds exist to support European Union regional policy. Regional policy seeks to reduce disparities in terms of income and wealth across Europe. Although poorer regions receive most of the support there is funding available for projects that support

businesses and help people into work across the whole of the European Union. Projects operating in Thurrock include the Low Carbon Business Programme which has worked with over 500 businesses to make cost savings by making cheap and sometimes free energy efficiency measures.

2.2 Regional policy is usually set for a period of years. Recently a new set of goals for regional policy have been agreed for the period 2014-2020 which focus on creating growth and jobs, tackling climate change and energy dependence and reducing poverty and social exclusion. Changes in regional policy are accompanied by changes to the objectives and operation of the accompanying European Funds: -

- European Regional Development Fund (ERDF) – to invest in EU growth
- European Social Fund (ESF) – to invest in people
- European Agricultural Fund for Rural Development (EAFRD)
- European Maritime and Fisheries Fund

2.3 Changes are negotiated between the European Commission and the Member States including the UK Government. In the UK the Government has announced that the ERDF, ESF and part of the EAFRD funds will be combined into the European Growth Programme with the large majority of funding allocated to Local Enterprise Partnerships (LEPs) including the South East Local Enterprise Partnership (SELEP) which covers Thurrock, Southend and Medway unitary authorities and Essex, Kent and East Sussex County Councils.

2.4 Each LEP has been allocated funds for the 2014-2020 period and have been asked to set out how they intend to use this allocation in a strategy to be agreed with Government. SELEP has been allocated £179.5m for this period; £82.5m ESF, £82.5m ERDF and £14.5m from EAFRD. Once the strategy is agreed the LEPs will be asked to oversee the ongoing development and delivery of the strategy, while the UK Government will undertake the management and administration of the programme.

2.5 In a separate but related programme the European Council has announced the creation of a new Youth Employment Initiative (YEI) to tackle unemployment among young people in areas with the highest rates. In the UK the Government has allocated the funding to particular areas including approximately £1.5m to be spent in Thurrock for projects which work with young people not in education, employment or training (NEET) or who are at risk of becoming NEET. The Government has decided that the fund will form part of the European Growth Programme and will need to be matched with investment from ESF which, in turn, will need to be matched with funding from a third party, creating a programme worth a total of £4.5m.

3. Issues, Options and Analysis of Options

Development of the E-SIF and Operational Programme

3.1 Over the past year SELEP, along with the other LEPs in England, has been developing its strategy for use of the funds. The European Structural and Investment Fund strategy (the E-SIF) sets out how the funding allocated to SELEP will be used as part of a wider strategy to help businesses to compete and grow and people to gain the skills they require for employment. Through the strategy SELEP has agreed a number of objectives for the programme that reflect the issues and opportunities in the area. Notional allocations of funding have also been given to each objective:

- Innovation and smart specialisation (£16.5m)
- Small and medium sized business competitiveness (£49.5m)
- Supporting the shift to the low carbon economy (£16.5m)
- Supporting economic growth in rural areas (£14.5m)
- Promoting employment and supporting labour mobility (£33.8m)
- Promoting social inclusion and combating poverty (£16.5m)
- Education, skills and lifelong learning (£32.2m)

3.2 One rule of the new programme is that the funding has to be matched on a 50/50 basis. This match funding can be found at a local level or through 'opt-in' arrangements with certain organisations, who will provide match funding from their own budgets, oversee procurement exercises to appoint delivery organisations for projects and use their own contract management systems to monitor delivery. SELEP is negotiating with a number of 'opt-in' agencies to match fund particular priorities in the programme. The Council already has a relationship with each of these opt-in organisations and the funding can be used to secure more relevant responses to local need than would otherwise be the case. The opt-in organisations for each objective, their main interest in the new programme and the potential value of each opt-in is listed below:

Objective	Opt-in agency and their interest in the new programme	Value of opt-in
Innovation and smart specialisation	Manufacturing Advisory Service – enhancing business support services targeting manufacturing companies	£5m
Small and medium sized business competitiveness	Growth Accelerator – enhancing business support services targeting companies with high growth potential	£9.4m
	UKTI – enhancing business support for companies seeking to export and / or attracting overseas investment	£5.4m
Promoting employment and	Department for Work and Pensions – enhancing skills and employment support for	£10m

supporting labour mobility	workless adults Skills Funding Agency – enhancing training for young people and adults	£20m
Promoting social inclusion and combating poverty	Big Lottery Fund – addressing barriers to employment for those furthest away from the labour market	£8m
Education, skills and lifelong learning	Skills Funding Agency – enhancing training for young people and adults	£13m

Negotiations will continue with each to agree priorities to be funded, the value of the opt-in and how much European funding will still be available for organisations to bid for directly and match themselves.

- 3.3 Now that the E-SIF strategy has been drafted the LEP has been asked to produce an operational plan, called the Local Implementation Plan (LIP), which will briefly describe how the programme will operate and set out the types of projects to be supported and the estimated spend profile for the first years of the programme. The first draft of the LIP is due to be submitted by October 2014.
- 3.4 Following the submission of the LIP there will be a concentrated period of negotiation with the Government leading to final agreement of the programme and the first investment in new projects. Key milestones include:
- Agree governance arrangements for the programme – December 2014
 - LIP agreed – December 2014
 - First call for project proposals – January 2015
 - First investment in new projects – March 2015

Priorities for Support

- 3.5 Partners across SELEP have been working together to develop more specific priorities for support under each objective of the programme. The Council has been working with partners to ensure that issues and opportunities in Thurrock and across Thames Gateway South Essex are reflected in and can be addressed by these emerging priorities. The emerging priorities are: -
- Innovation and smart specialisation
 - Research to identify issues and opportunities
 - Provision of new business workspace
 - Business support events and training programmes
 - Tailored business support for manufacturing companies
 - Projects to improve collaboration between companies
 - Promoting local supply chain development
 - Small and medium sized business competitiveness

- Business support activity
- Tailored business support for companies with high growth potential
- Tailored business support for companies seeking to export
- Attracting inward investment
- Access to finance including 0% loans and grants for businesses
- Supporting the shift to a low carbon economy
 - Business support package to help companies reduce their carbon footprint and to support innovation in green technology
- Promoting economic growth in rural areas
 - Proposals to be developed targeting the most rural communities in SELEP
- Promoting employment and supporting labour market mobility
 - Enhanced support for young unemployed people including those not in employment, education and training (NEET)
 - Job brokerage services
 - Apprenticeships
 - Wage subsidy scheme
- Promoting social inclusion and combating poverty
 - Addressing gaps in mainstream skills and employment provision
 - Supporting community led local development – a ‘bottom up’ approach to address economic and social cohesion
 - Targeting socially excluded groups to help them access and remain in employment
- Education, Skills and Lifelong Learning
 - Working with employers to develop higher level skills in the existing workforce

3.6 Negotiations on priorities to be supported will continue over the next few months until a final version of the LIP, including proposals for the types of projects to be supported, have been agreed.

4. Reasons for Recommendation

4.1 The new European Funding Programme is an opportunity to address some of the issues and opportunities identified through the development of the SELEP Strategic Economic Plan. Funding from the programme can, if used effectively, help alleviate some of the difficulties faced by businesses and by residents and support the delivery of the Council’s growth agenda.

5. Consultation (including Overview and Scrutiny, if applicable)

5.1 Partners across SELEP have been consulted on the development of the new European Programme including the objectives, notional funding allocations

and priorities to be addressed. Formal and informal consultation will continue as the programme develops.

- 5.2 The Council has led discussions at the Thames Gateway South Essex level, working with partners to help identify local priorities that reflect the Thurrock Growth Story and the SELEP Strategic Economic Plan.

6. Impact on corporate policies, priorities, performance and community impact

- 6.1 The new European Programme is a mechanism for securing the delivery of the Council's regeneration and growth ambitions detailed in the Corporate Plan, Local Development Framework, Regeneration Strategy and Economic Development Strategy.

7. Implications

7.1 Financial

Implications verified by: **Mike Jones**
Management Account

The report provides an update on the process, and as such there are not direct financial implications associated with this report.

7.2 Legal

Implications verified by: **Daniel Toohey**
Principal Corporate Solicitor

There are no specific legal implications to note in this report, save to be aware that there may be match-funding obligations arising from the proposals, which the Council will need to ensure are met.

7.3 Diversity and Equality

Implications verified by: **Natalie Warren**
**Community Development & Equalities
Manager**

The new European Programmes seek to promote greater economic growth and address barriers to employment, particularly for individuals that are most marginalised and furthest away from the labour market. The programme includes a specific objective that seeks to promote social inclusion and combat poverty. Through the implementation of the new programme projects will be supported that help address equality and diversity issues.

7.4 **Other implications** (where significant) – i.e. Staff, Health, Sustainability, Crime and Disorder)

The programme could have a positive impact on the Council's priorities to delivery of the Council's sustainability agenda

8. **Background papers used in preparing the report** (including their location on the Council's website or identification whether any are exempt or protected by copyright):

- None

9. **Appendices to the report**

- None

Report Author:

Stephen Taylor

Programmes and Projects Manager

Regeneration