



Derby City Council

COUNCIL CABINET **15 July 2015**

ITEM 19

Report of the Cabinet Member for Communities
and City Centre Regeneration

ESIF Technical Assistance and Increasing the Councils Staffing Resource

SUMMARY

- 1.1 An ESIF workshop was held on 5 June involving senior officers from across the Council. The purpose of the workshop was to facilitate a strategic discussion on the opportunities the ESIF programme provides to help deliver our economic, social and environmental priorities. The workshop also considered what we need to do to make the most of this opportunity and the support departments/services need to attract funding.
- 1.2 The consensus at the workshop was that it is a priority for the Council to seek to access EU funding to support the Council's service delivery and economic regeneration within the city. A range of priorities were identified as part of the discussion.
- 1.3 A key discussion point was the ability of the Council to respond to the new EU programme to develop City Council proposals and also contribute to and work with partners across D2N2 to develop projects, possibly in a lead role. It was recognised that there is a need to increase staff capacity to develop robust projects that meet the city's priorities but can also be delivered across D2N2.
- 1.4 An outline D2N2 wide bid is being prepared to access Technical Assistance (TA) and there is an opportunity for the Council to access funding through the ESIF programme to increase staffing. We are proposing to work collaboratively with Derbyshire County Council to secure TA support for two External Funding Officers, one for ERDF and one for ESF. The officer's time would be split 50/50 across Derby and Derbyshire. The Council will need to contribute between £60,000 and £65,000 over a three year period to secure this resource.

RECOMMENDATION

- 2.1 To agree to allocate up to £65,000 over the next three years, as additional match funding for the Derby Technical Assistance application, to be met from an allocation from reserves.
- 2.2 To agree in-principle to act as the Accountable Body for the D2N2 Technical Assistance bid.

REASONS FOR RECOMMENDATION

- 3.1 The additional funding will enable the Council to work collaboratively with Derbyshire County Council to access Technical Assistance to recruit two External Funding Officers. The posts will bring additional ERDF and ESF expertise to support the development of ESIF projects.

SUPPORTING INFORMATION

- 4.1 On the 5 June senior colleagues from across the Council attended an ESIF workshop. The workshop attendees are set out in Appendix 2.
- 4.2 An overview of the EU Structural and Investment Fund Strategy was provided by Richard Kirkland – D2N2 ESIF Co-ordinator. The slides from the presentation are available here



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- 4.3 The following points were clarified;
- D2N2 hope that the first funding agreements will be in place by September.
 - D2N2 is being encouraged to issue further ERDF calls, possibly as early as July. Helping businesses access ICT is expected to be released in the next round of calls.
 - The calls being released now will support projects until July 2018.
 - Through TO5 the Lower Derwent and Derby is identified as a priority for flood alleviation and there is up to £5.2m of ERDF available through this part of the ESIF programme.
 - The first ESF calls are expected to be issued in August 2015 (EMPLOY Local and SKILLS Local).
- 4.4 The workshop considered how important to our existing or future service delivery, is attracting external (EU) funding and outlined service area priorities. The priorities, along with relevant discussion points are from the workshop are set out in Appendix 3.

- 4.5 There was general consensus at the workshop that the Council needs to increase the level of staff resource for the ESIF programme to;
- Increase communication and awareness of the ESIF programme across the Council to ensure all service areas are informed and engaged.
 - Develop ideas
 - Co-ordinate priorities and ensure internal links
 - Engage and work collaboratively with external partners to develop projects for Derby and across D2N2.
 - Advise on ESIF funding requirements and bid writing.
 - Facilitate strategic discussion on Derby priorities and alignment with the Councils approach to Combined Authorities and the metropolitan Derby and Nottingham discussion.
- 4.6 ESIF Technical Assistance could provide match funding to increase the Councils EU staff resource to work with partners to support project development within Derby. A call has been released for Technical Assistance (TA), applications must be submitted at a LEP level and D2N2 are co-ordinating a bid. This call will provide funding for a three year period until September 2018 to support project development and capacity building, promotion and publicise ESIF across D2N2. The deadline for the first stage application is the end of June 2015 and to enable bid preparation time partners need to provide details of their requirements and in-principle match funding contributions. There is a 50% match funding requirement.
- 4.7 The Economic Regeneration Service has held discussions with Derbyshire County Council with a view to accessing TA to support a shared ESIF staff resource. It is proposed to seek TA to recruit two External Funding Officers (one focusing on ERDF and one focusing on ESF) working across the City and the County. The total cost of employing two Officers for a three year period is in the region of £260,000, half of this cost would be funded through TA with the match funding required from the City and County Council. Below are details of the proposed funding package for TA the package is indicative at this stage.
- 4.8 The ER service's External Funding Team has accrued approximately £38,000 of unallocated staffing budget in reserve. This accrual has been generated due to the secondment of the External Funding Manager into the RGF Programme Managers post, which is externally funded. It is proposed to use this reserve (spread over three years) to meet part of the match funding for the joint External Funding Officer posts. However there is a shortfall of £27,000 over the next three years. This shortfall could be met from the former Derby City Partnership Reserve.
- 4.9 In committing this additional match funding the Council would share the cost of two External Funding Officers and have the opportunity to lever £130,000 of Technical Assistance to support this resource.

- 4.10 The Council has been asked by D2N2 to be Accountable Body for the LEP wide Technical Assistance application. The rationale for DCC being asked is that we are already the Accountable body for the D2N2 core funding which would contribute to the Match Funding for the wider TA application. The size of the application is expected to be between £1.5m - £2m. The Delivery Partners within the bid will be the other Local Authorities from across D2N2.
- 4.11 There are a number of risks associated with being the Accountable Body for this bid;
- The Council would be financially responsible for the delivery of the project across D2N2.
 - There are resource implications in acting as Accountable Body and the full cost would need to be met from within the project.

OTHER OPTIONS CONSIDERED

- 5.1 Allocate only the £38,000 of match funding from the External Funding Team reserve to the Technical Assistance application. The implications of this option are;
- The joint City/County ESIF proposal may not be viable without the full match funding being available from the Council.
 - Derby would not have as large a call on staff resource as the County if match funding is not available from the Council. This could result in Derby not being in as strong a position to develop projects and work collaboratively to access ESIF funding.
- 5.2 Develop a Technical Assistance package for Derby and do not work collaboratively with Derbyshire County Council. This option has been discounted for the following reasons;
- A collaborative proposal would enable the Council to have access to a wider range of technical expertise for both ERDF and ESF.
 - A collaborative bid would be aligned to the ESIF programme requirement for large strategic projects and aligned to the approach that has already been adopted to work more collaboratively within D2.

This report has been approved by the following officers:

Legal officer Financial officer Human Resources officer Estates/Property officer Service Director(s) Other(s)	Emily Feenan – Principal Lawyer Martyn Marples – Director of Finance and Procurement Diane Sturdy - Acting Head of Service – Organisational Development Jonathan Sayer – Principal Asset Surveyor Richard Williams – Director of Regeneration Alan Smith, Head of Economic Regeneration
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For more information contact: Background papers: List of appendices:	Emma Dann 01332 643047 emma.dann@derby.gov.uk None Appendix 1 – Implications Appendix 2 – ESIF Workshop Attendees Appendix 3 – Priorities from the ESIF Workshop
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IMPLICATIONS

Financial and Value for Money

- 1.1 As Accountable Body the Council would be financially accountable for the delivery of a £2.2m Technical Assistance programme across D2N2. The Council would be responsible for any non-compliance or under-performance which could expose the Council to the risk of claw-back.
- 1.2 A review of the risks to the Council is underway, involving Finance, Procurement and Legal Services. This review will inform the conditions on which the Council could act as Lead Organisation for the TA bid and the resource implications for the Council.

Legal

- 2.1 In acting as Accountable Body there are a number of significant legal implications for the Council;
 - Responsible for the financial management of ESF.
 - Contracting with delivery partners across D2N2.
 - Establishing compliant systems and procedures.
 - Delivering and reporting on agreed programme outputs.
- 2.2 The Council currently acts as Accountable Body for a number of externally funded programmes and has established robust systems and procedures to manage the responsibilities associated with fulfilling this role.

Personnel

- 3.1 If the D2N2 Technical Assistance bid is successful, two External Funding Officers will need to be recruited. The officers will be a shared resource working across Derby and Derbyshire and we will need to agree with Derbyshire County Council, who will be the recruiting organisation and the employment law implications of this.
- 3.2 In taking on the role of Accountable Body, there will be resource implications for the Council which may require the recruitment of additional staff. The full impact of resourcing the Technical Assistance bid and other ESIF proposals is being reviewed with the Director of Finance and Procurement. The full cost to the Council of fulfilling the Accountable Body role will need to be met from within the ESIF project budgets and not have cost implications for the Council.

IT

- 4.1 If the Council is the recruiting organisation for the External Funding Officers there would be a requirement for IT equipment and use of DCC information systems facilities. Information Systems will be consulted on the cost associated with providing ICT equipment and facilities and this will be built into the project costs.
- 4.2 The next ERDF calls are expected in July or September and could include Helping Businesses Access ICT support. Early engagement and consultation with Information Systems Department will be undertaken when the call is released to make the most of this opportunity.

Equalities Impact

- 5.1 The ESIF programme seeks to reduce social and economic disparities by supporting businesses and addressing skills employment and social inclusion. If the Technical Assistance bid is successful there will be additional staff with technical expertise to support the development of robust applications for ESIF and provide opportunities for the City Council to target projects at our most deprived communities with a particular focus on individuals who are furthest from the jobs market. One of the ESIF Programme cross cutting themes is Equality and the impact of projects on this issue will be a key part of the project assessment process.

Health and Safety

- 6.1 There are no direct implications

Environmental Sustainability

- 7.1 If successful the Technical Assistance proposal would provide additional EU staff resource to support the development of environmentally sustainable projects for future ERDF calls through the ESIF programme.

Property and Asset Management

- 8.1 As capital projects are developed there will be a wide range of property and asset management issues that will need to be considered, including lease and management arrangements and how these projects may fit in to the Council's longer term investment income strategy. Full consideration will need to be given to these issues and Strategic Assets Management and Estates will be consulted with at an early stage to ensure they can be fully incorporated into projects overall 'thinking' development and management arrangements.
- 8.2 Where the proposals are to involve Council led or sponsored new development or refurbishment of either internal or external stock, then engagement and consultation with Property Design and Maintenance at an early stage would be undertaken to ensure that their input is included within the project development and in turn inform the Council's investment strategy.

Risk Management

- 9.1 The Council would be responsible for any non-compliance or under-performance from the delivery of this programme across D2N2. This could expose the Council to the risk of clawback.
- 9.2 This risk would be managed through the following measures;
- put in place robust legal agreements with all of the partners involved in the bid to pass on the risk of clawback.
 - introduce compliant performance management systems
 - ensure there is sufficient capacity within the Council to effectively manage and monitor the TA bid. The cost of which would be met from within the TA project budget.

Corporate objectives and priorities for change

- 10.1 This Programme will contribute towards creating for the people of Derby:
- An inspiring start in life by improving educational attainment.
 - An inspiring working life by improving skills and creating jobs.
 - An inspiring place to live by improving inner city areas.