



Derby City Council

COUNCIL CABINET
14 November 2018

ITEM 13

Report of the Strategic Director of Communities
and Place

D2N2 European Structural Investment Fund 2014-2020

SUMMARY

- 1.1 The EU Structural Investment Funding Strategy 2014-2020 (ESIF) Programme promotes sustainable economic growth and will be delivered through the D2N2 Local Economic Partnership (LEP). The ESIF Programme has been operating for over four years with the first calls issued in March 2015, providing an open and competitive opportunity to secure 50% external funding towards an ESIF eligible project.
- 1.2 The next phase of calls has been open from December 2017 for European Regional Development Fund (ERDF) and European Social Fund (ESF) open calls and opt-in specifications are expected to be issued during August to December 2018.
- 1.3 The Council has been working with partners to develop collaborative proposals to respond to ESIF calls.
- 1.4 ESIF Funding bids are subject to meeting council priorities and securing match funding with evidence of no additional pressure on council core budgets.

RECOMMENDATION

- 2.1 To agree for officers to continue to work with partners to develop collaborative robust bids for the ESIF calls and submit Expressions of Interests (Outline Application Forms) and Full Bids, where match funding required meets the criteria of point 1.4, in order to meet deadlines.

- 2.2 To delegate authority to the Strategic Director of Communities and Place, following consultation with the Strategic Director of Resources, Cabinet Member for Regeneration and Public Protection and Cabinet Member for Finance and Procurement for the agreement of and submission of final ESIF Expressions of Interests (Outline Applications) and Full Bids, in consultation with the Leader and Lead Member subject to the availability of match funding as outlined in 4.10.
- 2.3 To delegate authority to the Strategic Director of Communities and Place, following consultation with the Strategic Director of Resources, Cabinet Member for Regeneration and Public Protection and Cabinet Member for Finance and Procurement to submit bids to the Midlands Engine, Strategic Priority Development Funding and where successful to negotiate and accept funding agreements as outlined in 4.10.

REASONS FOR RECOMMENDATION

- 3.1 D2N2 has an indicative allocation of over £200m through the European Structural and Investment Fund Programme (ESIF) 2014-2020. With over £33m still to commit. The programme promotes sustainable economic growth and provides an opportunity for the Council to access funding to help deliver its economic priorities.
- 3.2 The timescale to respond to ESIF calls is limited, with applicants having a maximum of six to eight weeks to submit Expressions of Interest (Outline Application) and Full Bids.
- 3.3 The Council has been working with partners across D2N2 to develop collaborative bids to respond to the ESIF calls and specifications and is in a good position to work in partnership to respond to this funding opportunity.

SUPPORTING INFORMATION

- 4.1 The EU Structural Investment Funding Strategy 2014-2020 (ESIF) Programme promotes sustainable economic growth and will be delivered through the D2N2 Local Economic Partnership (LEP).
- 4.2 Open calls require the applicant to respond to a call document which sets out the local economic context and priorities along with details of the funding available and deliverables (outputs) to be achieved. There is a minimum 50% match funding requirement for open calls and Expressions of Interests are submitted through an open and competitive process.
- 4.3 Opt-in specifications require the applicant to respond to a detailed specification which sets out the activity to be delivered, outputs and results to be achieved and funding available. There is no match funding requirement as the ESF is matched at source by the Skills Funding Agency or Department for Work and Pensions. Tenders are submitted through a competitive process.

4.4 D2N2 have or are issuing the following calls to which Derby City Council is eligible to apply.

4.5 **ERDF** (European Regional Development Fund) Early 2018 calls

ERDF PA3 SME Competitiveness was issued in December 2017 with a closing date of 23 January 2018. The following EOI were submitted and have successfully passed the MHCLG Gateway and approval at ESIF Sub- Committee. The following projects have been asked to submit a Full Bid.

- **D2N2 Growth Hub** - Derby City Council will be one of the delivery partners in a joint application with Nottingham City Council (Lead Accountable Body) for ERDF funding. The project comprises of a Growth Hub Business Adviser post for Derby City for three years from April 2019. This role will improve the ability of businesses in the Derby area to value and engage appropriately with business service providers and accessing small grants to supporting companies in Derby to grow, improve productivity and create jobs. The bid will require match funding of up to £56,000 over three years. If approved funding has been identified through in kind match from a current salaried position within Regeneration Connect Project The total Growth Hub bid is for £11m.
- **Growth Investment Project Phase 2** - Derby City Council will be one of the delivery partners in an application submitted by EMB (East Midlands Business) the Lead Accountable Body for ERDF funding. This application was submitted as an Expression of Interest on 26 January 2018. The project comprises of a continuation of the D2EGF (Derby and Derbyshire Economic Growth Fund) programme supporting companies with targeted grants to enable the company to grow and create jobs. The bid will require match funding of up to £710K. If approved the funding has been identified through a £200K contribution from Derbyshire County Council (to be approved) and £510K from the DEGF Cash Flow. The project will support up to 16 companies with an average grant funding of £65K and create over 100 new full time skilled jobs increasing the success of the current DEGF (Derby Enterprise Growth Fund) offer. The Total GIP Phase 2 bid is for £4.3m.
- **Enscite Phase 2** – Derby City Council will offer in-kind ihub rent support subject to availability in an application submitted by the University of Derby the Lead Accountable Body for ERDF funding. This application was submitted as an Expression of Interest on 26 January 2018. Based at the ihub, Enscite offers support to companies in the transport equipment manufacturing supply chain. It is a joint venture between three partners: the University of Derby, Derby City Council and Aston University. Offering a range of expert support services to help SMEs win and grow business in the aerospace, automotive and rail sectors.

4.6 **ERDF** open calls with a closing date of 23 November 2018. Various calls requiring match funding have been issued recently. Where known, any City Council interest in submitting an application have been highlighted below.

1. £2.4m available for **Research and Innovation** - Support for smart specialisation and collaborative research between businesses, research institutions and public

institutions Support for the commercialisation of new products and businesses processes. Research and Innovation: call in Derby, Derbyshire, Nottingham and Nottinghamshire (OC08R18P 0880).

2. £950,000 available for **Enhancing access to, and use and quality, of ICT** - Ensure businesses can benefit from new and emerging ICT to explore new markets and services; Improving ICT connections and infrastructure. Information and Communications Technology: call in Derby, Derbyshire, Nottingham and Nottinghamshire (OC08R18P 0881).
3. £5.7m available for **Enhancing the competitiveness of SMEs** - Support businesses to grow by ensuring they can access finance, develop growth strategies and improve productivity. SME Support: call in Derby, Derbyshire, Nottingham and Nottinghamshire (OC08R18P 0882). Cash support of up to £150K would be needed to match the Mainframe Project. Officers are seeking to identify match funding opportunities. The Mainframe project is a partnership to bring together a community of digital and creative business across Derby & Derbyshire, enabling real business growth and jobs through start up support, coaching, workshops and events.
4. £8.6m available for **Supporting the shift to a low carbon economy** - Support the development of low carbon markets and technologies and help SMEs to adopt energy efficiency measures. Low Carbon: call in Derby, Derbyshire, Nottingham and Nottinghamshire (OC08R18P 0883). Subject to available match funding available, a request has been made to the Business Rates Pool, an expression of interest will be submitted for the successful continuation of the D2EE grants scheme with Derby City Council as the project lead.
5. £1.08m available for **Promoting climate change adaptation, risk prevention and management** - Support flood mitigation measures focusing on Our City Our River (OCOR) which protect existing employment sites at risk of flooding. Climate change: call in Derby, Derbyshire, Nottingham and Nottinghamshire (OC08R18P 0884). Only if available match already secured through Our City Our River will be used to secure additional funds of up to £1.08m, a continuation from previous ERDF funds secured.
6. £1.05m available for **Preserving and protecting the environment and resource efficiency** - Support investment in green and blue infrastructure where there are clear links to economic development. Environment and Resource Efficiency: call in Derby, Derbyshire, Nottingham and Nottinghamshire (OC08R18P 0885).

4.7 ESF (European Social Fund)

4.8 **ESF opt-in call specification** (100% funding provided no match funding requirement) went live on the 27 August 2018 for the following programmes;

- £18.6m available for **Skills** (modules 1&2) Skills Support for the Workforce and Redundancy

- £4.4m available for **NEET and Young People** (module 2) NEET in Derby, Derbyshire and Nottinghamshire (excluding Nottingham City)

4.9 **ESF Open call specifications** are expected between October and December 2018. Where known any City Council interest in submitting an application have been highlighted below;

- £12.1m available for support named **Employment**. ESF Funding is available for a 3 year project from April 2019 to March 2023.

Derby City Council has started drafting a proposed project in partnership with other local authorities and agencies for consideration by Councillors. The proposed project is to work directly with employers and job seekers through a Derby Employment Hub. Working with 1,400 unemployed people in Derby (25% of those currently registered as unemployed) to:

- Identify, consult with and design tailored programmes to help longer-term unemployed people in our most deprived communities.
- Offer support to local businesses in their recruitment campaigns and the benefits of flexing and broadening their recruitment search / criteria.
- Meet local employer's needs by delivering local skills that align with employment demands and help increase job readiness of their new recruits.

Match funding of £360K has been identified from external partners and a further £300K - £500K would be required to match this project. Officers are seeking to identify sources of match funding.

- £1m available for **Pre NEET, NEET and Young People Careers Advice** NEET Derby, Derbyshire, Nottingham, Nottinghamshire.

From April 2019 to March 2023 provision is require to deliver a grants scheme to schools to provide targeted interventions to help young people develop enterprise and employability skills, to improve their career opportunities.

Following on from the D2N2 Careers Local Programme.;

- To support young people aged 15 - 19 who are at risk of becoming NEET to develop enterprise and employability skills.
- Enhancing and extending enterprise and employability activities in Educational Institutions.
- Provide tailored enterprise and employability activities to young people who are at risk of disengaging with education, to allow them to develop the personal skills and competencies valued by local employers.

4.10 **The Midlands Engine Strategic Priority Development Funding** provides support to kickstart strategic priority projects for development and initial delivery by providing seed funding to work up projects and develop business cases. Projects must demonstrate how they will drive economic growth and productivity within the region and deliver increased prosperity for all Midlanders.

The funding is available as part of the £4m Midlands Engine Core Budget. Typical grant sizes are expected to be in the region of £30k and there is a match funding requirement, however the grant intervention rate is not specified. The fund operates a quarterly rolling application process with upcoming submission deadlines at the end of October 2018 and January 2019.

OTHER OPTIONS CONSIDERED

5.1 The Council could delay submitting Expressions of Interests (Outline Applications) and Full Bids until later in the programme, the last opportunity will be March 2019. This approach would result in a missed opportunity for the Council in accessing funding at this stage in the programme, further calls are not guaranteed as remaining funds are reliant on decommitments from live projects and changes in the exchange rate rather than reserves. The Council has been working for a considerable time to build partnerships, develop collaborative projects and maximise external funds to respond to ERDF and ESF calls and opt-in specifications and is in a position to submit bids to meet the call deadlines.

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 Don McLure - Strategic Director of Corporate Resources Zoe Bird - HR Shared Services Manager Greg Jennings - Ann Webster - Equality and Diversity Lead
For more information contact: Background papers: List of appendices:	Katie Evans 01332 641590 Katie.evans@derby.gov.uk None Appendix 1 – Implications

IMPLICATIONS

Financial and Value for Money

- 1.1 The EU Structural and Investment Fund 2014-2020 provides an opportunity for Derby to access European Funding to support the delivery of the City's economic regeneration priorities.
- 1.2 This report is seeking approval to submit outline applications in response to expected ERDF calls and ESF calls and specifications. At this point there is no contractual commitment to becoming the Accountable Body or to confirm match funding allocations. Full consideration and appropriate approval will need to be given to the financial implications and the resourcing of bids before progressing to full applications and acceptance of funding including availability of match funding.

Legal

- 2.1 None directly arising from this report.

Personnel

- 3.1 None directly arising from this report.

IT

- 4.1 None directly arising from this report. All IT programmes and systems required for the project are currently in place.

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.

Projects support the organisations involved to sign up to the Disability Confident Scheme to provide equality in employment for disabled people.

Health and Safety

- 6.1 None directly arising from this report.

Environmental Sustainability

7.1 None directly arising from this report.

Property and Asset Management

8.1 None directly arising from this report.

Risk Management and Safeguarding

9.1 None directly arising from this report.

Corporate objectives and priorities for change

10.1 This Programme will contribute towards our priority outcomes

- Enabling individuals and communities – helping to sustain services for local people in the longer term.
- Raising achievement and skills – raising education attainment at all levels and creating a city where we have the skills to meet the needs of local employers.
- Promoting health and wellbeing – Integrating our services with Partnerships across D2N2 to support better health and wellbeing for people of all ages to improve their overall quality of life.
- Improving housing, supporting job creation and regeneration – Creating sustainable jobs and businesses to support the economic and social well-being of local people.
- Being more commercial – look to maximise external funding opportunities.
- Delivering our services differently – working in genuine partnerships to achieve shared objectives across D2N2.