

**CITY OF NOTTINGHAM AND NOTTINGHAMSHIRE ECONOMIC  
PROSPERITY COMMITTEE – 26 SEPTEMBER 2014**

<b>Subject:</b>	<b>N2 ESIF IMPLEMENTATION PLAN RESPONSE</b>		
<b>Presenting authority / representative):</b>	Nottingham City Council Chris Henning, Director for Economic Development		
<b>Report author and contact details:</b>	Chris Henning <a href="mailto:chris.henning@nottinghamcity.gov.uk">chris.henning@nottinghamcity.gov.uk</a>		
<b>Key Decision</b> <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	<b>Subject to call-in</b> <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
<b>Value of decision:</b> £0	<input type="checkbox"/> Revenue <input type="checkbox"/> Capital		
<b>Authorities affected:</b> All	<b>Date of consultation with relevant authorities:</b> 12.09.14		
<b>Summary of issues (including benefits to citizens/constituent authorities):</b>			
<p>To prepare for the implementation of the European Structural Investment Fund (ESIF), D2N2 is preparing a Local Implementation Plan consultation document which will be published shortly. This document sets out proposals and options for translating the D2N2 ESIF Strategy into a delivery programme for funds worth c. £200m in total which will be available from spring 2015. The consultation closes on 13 October in order to prepare the final Implementation Plan for LEP Board sign off by 29 October.</p> <p>This report is intended to inform N2 Economic Prosperity Committee's (EPC) response to the consultation document. It has been developed through discussion with N2 local authority officers.</p>			
<b>Exempt information:</b>			
None			
<b>Recommendation(s):</b>			
<p>That the EPC:</p> <p>a) Consider potential issues that could be raised by the ESIF Local Implementation Plan draft Consultation Document;</p> <p>b) Request N2 officers to prepare a final document which can be agreed as an N2 response to the consultation, based on that consideration of the issues.</p>			

**1 REASONS FOR RECOMMENDATIONS**

1.1 N2 local authority officers have discussed an early version of the draft Local Implementation Plan (LIP). The comments below are based on the structure of the LIP. The final draft has not been published, so some of the comments below may be addressed in future iterations of D2N2's LIP.

**2 BACKGROUND (INCLUDING OUTCOMES OF CONSULTATION)**

2.1 We recognise the hard work which has gone into the LIP consultation document and the need to define both 'what' ESIF funding will buy and 'how' it will be commissioned and delivered. The following points are designed to

improve the LIP so that it provides the framework that will maximise benefits for N2 businesses and citizens within this context:

- We welcome the aim of the LIP ‘to promote flexibility, speed, delivery focus and efficiency...and a blend of collaborative, LEP wide and more local approaches’ and the intention to ‘commission comprehensive, strategic programmes’.
- However, there are 5 issues which need to be addressed:
  - Although we recognise the role of D2N2 in over-seeing the commissioning, management and monitoring of programmes, the geographical scope of those programmes will sometimes best be at a more local (N2 or local authority) level, particularly where local knowledge and presence are critical. In addition to specific proposals made by theme below, we would welcome a statement of principle to this end
  - The principle of continuity of good practice from current delivery programmes (and avoidance of duplication) is also important and should be stated
  - The principle of maximising the funding available to front line delivery should be stated. This can be helped by minimising the funding which is tied up by prime contractors in designing programmes through overly ‘open’ calls
  - The process and activities associated with a number of the national ‘opt-ins’ are not yet clear and need to be so, in order to secure our best interests
  - In addition to ‘comprehensive, strategic programmes’ we recognise the need for funding to ensure these programmes can be targeted on hard to reach groups and for funding for projects which are linked to the programmes, but could promote innovative approaches
- Finally, there should be a clearer link between the strategies, the beneficiaries of those strategies and the programmes designed to deliver benefits. Currently it is not clear whether the sum of the programmes as set out will deliver to the intended beneficiaries and whether there are gaps

2.2 Below we comment on activities by theme, as per the structure of the LIP.

### **Innovation theme**

2.3 A LEP wide approach would be most appropriate and it was agreed that this was mainly the role of the universities. However N2 needs to influence programmes where innovation is taking place locally by SMEs which isn’t driven by the universities. Activity 1.6 (Capital Investment Programme for network of Innovation Centres) requires a mechanism to ensure N2 authorities are actively engaged.

2.4 The biggest benefits from innovation come from transfer of knowledge into the businesses base, so any programmes need to be designed around this. We also need to engage directly with businesses that might have plans to “innovate”, but not see that development as being of interest to the universities.

## **Business Support and Access to Finance theme**

2.5 We already have significant resources deployed in this field and need to focus on successful existing schemes as well as looking for gaps in our offer. We need to look at how this fits with the Growth Hub, Sustainable Urban Development (SUD) and Opt-Ins through MAS, Growth Accelerator, UKTI.

2.6 Helping businesses benefit from ICT is an area we expect the LEP to lead on however given the investment from the 4 principal authorities and districts like Bassetlaw we would want to influence and expect to see this build on the provision being delivered and used as match.

2.7 Wherever possible, it would be better for any demand stimulation work to coincide with the roll-out of superfast broadband.

2.8 Activities 3.1 to 3.3 are the Opt-ins. These need to be challenged and the activity should be described as the need required by D2N2 / N2 and the Opt-in programmes be used to deliver this need and used to describe the match. Generally on the Opt-ins it was agreed that the EPC needs early sight of the draft MoU and proposals. However, there is increasing doubt over whether the Opt-in bodies are going to be ready to deliver their programmes in time, or indeed at all, as their significant issues about the procurement process (they are effectively delivering programmes, and for this need to have been procured according to ERDF guidelines).

2.9 Describing the Business Growth Hub (3.4 and 3.5) as a Network with Hubs is the approach Sheffield City Region is using and has merit for consideration. The advice and services needs to reflect local need, build on what already exists and work with resources that will be available through the local authorities.

2.10 There is a D2N2 Growth Hub Steering Group on which City and County authorities are represented (Districts represented by Mansfield). This provides a route for N2 authorities to feed into the development of the Growth Hub and its geographical coverage.

2.11 Activity 3.6 is the development of incubator and grow-on space in this theme – how it would operate needs to be addressed and it is something where we would want some geographical focus to meet local need. The Leadership and Management Programme (3.7) needs to build on existing best practice such as Growth 100 but on a LEP wide basis.

2.12 Again we would have an expectation that access to finance and business support would build on existing successful programmes. There is a model for access to finance being discussed which would be cross-LEP (working on a Midlands scale). It is not yet clear how this would work, and it would also need to recognise significant skill and programmes which have been developed locally such as NTech. This is an area of significant concern – as there have currently been no funds earmarked to support business access to finance (particularly grant finance) which we know is vital to business growth. We would urge the LEP to consider what funding could be found to address this issue.

2.13 A sector approach is fundamental to the LEP strategy and N2 needs to think how best it uses this to best address the local need in the N2 area. Therefore key sector support activity for the 8 key priorities we need to consider how these also impact on the N2 geography for instance how logistics sector activity focuses on the M1 corridor and the districts this covers. Flexibility is required to be built into the implementation plan so the needs of new and other sectors addressed as they emerge or become a priority for part of the LEP area.

2.14 Low Carbon – D2N2 needs to talk with organisations working in the low carbon field locally such as Employer First.

### **Infrastructure for Economic Growth theme**

2.15 Flood mitigation measures need to engage the N2 Strategic Flood group. Also need to understand if ESIF money is required for the Derby Our City Our River project that was awarded Growth Deal funding, as this would impact on what is available for other projects.

Key activities 10 and 12 green and blue infrastructure and sustainable transport planning are areas we would want to have strong influence as these would be Combined Authority powers and we need to anticipate this development.

### **Employment, Skills and Social Inclusion theme**

2.16 We endorse the overriding aim to ensure that education and training provision reflects the needs of the employer and welcome the employer focused approach.

2.17 Our commitment at an N2 level is to simplify and integrate what is a complex and confusing pathway of support for both the employer and jobseeker. There are already well-developed local delivery models e.g. Apprenticeship Hub, Employer Hub, employability work, NEETS prevention work and provision to address youth unemployment all of which overlap with the proposed projects. Much of this activity is successful and recognised as good practice at a national level. It is important that we don't add an additional layer into this complex landscape and that resources are used to plug gaps rather than to duplicate. Where successful projects are under threat due to cessation of funding then ESIF funding should be used to ensure sustainability so that this good practice is not lost.

2.18 The specific needs of local communities and complex partnership landscapes means that in several of the programmes identified, economies of scale in delivery at D2N2 level will be lost.

2.19 The value of having a main bidder to co-ordinate, establish local need and commission the individual stands is recognised, however this will require in depth knowledge of local needs/issues, local delivery structures down to a community level and local strategies to reduce unemployment to be successful. It is unlikely that one specific organisation will have this level of knowledge and connectivity across the whole of the D2N2 area and they will have to spend a significant amount of time building these relationships.

2.20 These programmes therefore should be commissioned at a D2 and N2 level separately. To aid this process, the Employment and Skills Boards

should play a proactive role in the development of the specifications and the commissioning process and bidders should be accountable to the board for performance.

2.21 Understanding the needs of those experiencing most disadvantaged can only be done by those organisations working within the local communities. We would therefore like to see (where procurement processes allow it) prioritisation and enabling of local providers. The main bidder should also be able to demonstrate how they intend to maintain/deliver any subcontracting relationships to ensure that it does not exclude local voluntary and community sector providers.

2.22 Therefore following points of principle are suggested:

- A clear link is required between the programmes and the strategy that they are designed to deliver – not to lose the vital link between the groups the programmes are addressing and the programmes themselves;
- A sensible geographic scope is required for each programme, recognising where local delivery is vital – in most cases the assumption is made that calls will be issued at a D2N2 level. While calls and programmes may be overseen at this level, the sensible level for contract delivery needs to be considered (again particularly for the employment programmes where links to groups furthest from the labour market are clear). This may be at an EPC/CA or local authority level. This is not the same thing as requesting a geographical allocation;
- Committing to ensuring that front-line funding is maximised through limiting the amount of funding that gets absorbed by prime contractors in responding to specifications
- Committing to building on existing local programmes to avoid duplication and confusion.

### **Community Approach – Options consultation**

2.23 Under Community Led Local Development (CLLD) there is a paper with recommendations on how D2N2 approach this, prepared by One East Midlands. CLLD mirrors the LEADER approach of previous programmes which supported the development of area-based programmes in rural areas. This has been extended to cover all areas in this programme.

2.24 Areas would need to be focussed geographically, up to 150,000 in population and would involve local area groups (LAGs) which would allow up to 25% of the project's cost for administration and development support, as CLLD has a bottom-up approach to project development.

2.25 An alternative would be to focus on the development of community-based projects without using the CLLD mechanism, which would allow for a more top-down approach (but would spend less on the support costs).

2.26 Further consideration needs to be given to our preferred approach, in consultation with D2N2 officers.

## Sustainable Urban Development Strategy in Nottingham (SUD)

2.27 Advice from DCLG has been for each LEP with a Core City to present a plan to use up to 10% of ERDF in their ESIF on a SUD. Nottingham has worked with districts to develop this and DCLG are currently compiling them into a SUD Priority Axis which will form part of the national Operational Programme (OP).

2.28 We propose addressing this through a model which will develop and deliver an integrated programme of capital and infrastructure works and business support activities in specific hubs within the Core City urban area of Nottingham and surrounding districts. It will be sector-based, building on strengths in the Core City and within clusters of SMEs in the district areas. Particularly, it seeks to build an 'incubator without walls', focused on two major growth sectors of Clean Technology and Creative Industries – working towards the aim of a truly Creative City, sustainable economically and in resources.

### Technical Assistance (TA)

2.29 This is not currently in the Implementation Plan but we might want to suggest the addition of a section.

2.30 TA provides financial support for the development of pipelines of projects, and can be sourced at LEP and sub-LEP levels. There is likely to be a call for projects early in the programme for funding to support TA work in the LEP, local authorities and sectoral groups.

2.31 We need to be clear how we can access TA to support capacity in local authorities for project pipeline development, technical advice on issues such as procurement, state aid, etc. and working with DCLG and the European Commission on our involvement with the European Urban Development Network (part of the SUD arrangement). This can also facilitate access to other EU funding streams outside ESIF (e.g. URBACT).

### Process and next steps

ACTION	DATE	OWNER
Process reported to LEP Board: ESIF Programme Board established.	11 <sup>th</sup> September	MW
SIGN OFF CONSULTATION DOCUMENT FOR ISSUE	12 <sup>th</sup> September	DR
Consultation document issued with to Advisory Network and posted on web-site. Emailed to consultation list. Tweet and LinkedIn group.	22 <sup>nd</sup> September	MW / SR
Consultation Document and spreadsheet shared with CLG as indicative D2N2 approach,	22 <sup>nd</sup> September	MW
D2N2 Business Group hear update and consider Social Inclusion Framework	12 <sup>th</sup> September	PR / DR / MW
Skills Commission consider Consultation Document	23 <sup>rd</sup> September	KW
N2 Joint Committee consider Consultation Document	26 <sup>th</sup> September	CH / ML

Vol Sector / equalities meetings?	TBC	RQ
Other third party events	12 <sup>th</sup> Sept – 8 <sup>th</sup> Oct	
CONSULTATION CLOSES	13 <sup>th</sup> October	
ESIF Group considers	Early – mid Oct	MW
SIGN OFF OF FINAL IMPLEMENTATION PLAN PRE EPB	BY 22 <sup>nd</sup> Oct	
Reported to LEP Board and ESIF Programme Board for sign off	29 <sup>th</sup> Oct – Papers out 22 <sup>nd</sup> October	MW
Submitted to Government	End Oct	MW
Detailed tender specifications drawn up	Oct / Nov	RK, LA, KW
Consultation with Advisory Network	Nov Dec	RK, LA, KW etc
Tender Specs approved by Programme Board	Jan	RK, LA, KW etc
ITTs / Open Call issued	Jan onwards	CLG

## Conclusion

2.32 While the LIP is currently in consultation, it is important that N2's views are set out clearly in order to achieve the outcomes which benefit our citizens and businesses. Views are welcome on the issues set out above.

### 3 **OTHER OPTIONS CONSIDERED IN MAKING RECOMMENDATIONS**

3.1 None.

### 4 **FINANCIAL IMPLICATIONS (INCLUDING VALUE FOR MONEY/VAT)**

4.1 D2N2's LIP will support decision making on the allocation of D2N2's EUSIF allocation.

### 5 **RISK MANAGEMENT ISSUES (INCLUDING LEGAL IMPLICATIONS AND CRIME AND DISORDER ACT IMPLICATIONS)**

5.1 None.

### 6 **SOCIAL VALUE CONSIDERATIONS**

6.1 The projects the ESIF funding will support will help to unlock local jobs for local people as well as provide funding for regeneration projects across N2 communities.

### 7 **EQUALITY IMPACT ASSESSMENT (EIA)**

Has the equality impact been assessed?

- (a) not needed (report does not contain proposals for new or changing policies, services or functions, financial decisions or decisions about implementation of policies development outside the Council)



- (b) No  
(c) Yes – Equality Impact Assessment attached



Due regard should be given to the equality implications identified in any attached EIA.

**8 LIST OF BACKGROUND PAPERS RELIED UPON IN WRITING THIS REPORT (NOT INCLUDING PUBLISHED DOCUMENTS OR CONFIDENTIAL OR EXEMPT INFORMATION)**

None.

**9 PUBLISHED DOCUMENTS REFERRED TO IN THIS REPORT**

None.

**10 OTHER COLLEAGUES WHO HAVE PROVIDED INPUT**

**Economic Development Officers  
N2 Local Authorities**