

**CITY OF NOTTINGHAM AND NOTTINGHAMSHIRE ECONOMIC
PROSPERITY COMMITTEE – 25 JULY 2014**

Subject:	European Structural investment Funds: Annual Implementation Plan		
Presenting authority / representative):	Nottingham City Council / Nottinghamshire County Council		
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Key Decision: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	Subject to call-in <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
Value of decision: £Nil	<input type="checkbox"/> Revenue <input type="checkbox"/> Capital		
Authorities affected: All	Date of consultation with relevant authorities: 13.07.14 (Chief Executives)		
Summary of issues (including benefits to citizens/constituent authorities):			
<p>a) The need for N2 officers and LEP Board members to continue to shape the framework programme which is being developed at D2N2-level</p> <p>b) The process for identifying N2 priority projects for funding within this framework</p> <p>c) The identification of programmes within that framework which N2 believes could be commissioned at N2 rather than D2N2 level</p> <p>d) An early outline of the on-going role that N2 should play in relation to the delivery of the framework.</p>			
Exempt information: None			
Recommendation(s):			
<p>a) Agree the establishment of an officer sub-group of the EPC to draw up recommendations on the ESIF implementation plan for the EPC for sign off by written procedures before 11th September D2N2 Board. D2N2 Board Members to present this at the Board as Nottingham and Nottinghamshire position on 11th September. Officer sub-group then to focus on the identification and prioritisation of potential projects to be put forward for ESIF resources and thereafter the development of agreed priority projects.</p> <p>b) Agree liaison (via LEPOG) with D2N2 to ensure a clear understanding of critical success factors to give projects the greatest chance of success.</p> <p>c) Agree the principle that commissioning is more effective if done closer to the (local) point of delivery – however, there may be occasions when economies of scale (in commissioning, management or delivery) mean that commissioning at D2N2-level is more appropriate.</p> <p>d) Agree that D2N2 officers should set out a rationale for why they believe specific activities (within each of the 19 key activities) should be commissioned on a LEP-wide basis.</p> <p>e) Agree that EPC (through LEP Board) should push for a specific agreement with D2N2 which sets out the substantive role played by N2 at each stage of the process.</p>			

1 REASONS FOR RECOMMENDATIONS

1.1 The timetable within the D2N2 paper (Appendix A) sets out that the Annual Implementation Plan needs to be submitted to Government at the end of October. However, N2 will need to be in a position to both shape and respond to a consultation document which D2N2 issues in mid-late July. The EPC meetings in July and September are therefore important staging posts.

The D2N2 LEP Board will consider the draft Implementation plan at its meeting on 11 September. The LEP will be consulting on the draft during August; however there is not a scheduled meeting of the EPC during this period. It is important that N2 respond collectively to this consultation and we recommend that an Officer's group meets to consider the draft and make recommendations to the EPC through written procedures. We would then recommend the view of the EPC is represented by the EPC D2N2 Board members at the meeting on 11 September.

1.2 **The 'Key Activities by Theme'** – N2 Council officers have been involved (through LEPOG and theme-related groups) in the development of the headline activities under 5 themes:

- Innovation
- Business support and access to finance
- Economic infrastructure
- Skills, employment and social inclusion
- Community-led local development

Theme	Nature of activity	ESIF funding per activity (D2N2)	ESIF funding per theme (D2N2)
Innovation	Smart specialisation collaborative research	6,269,860	20,899,532
	Commercialisation of new products and business processes	6,269,860	
	Investment in the development of innovation space and facilities	8,359,813	
Business Support and Access to Finance	Helping businesses benefit from ICT	11,189,766	74,228,020
	Helping business through growth strategies, incubation space	33,417,561	
	Key sector support targeted at the six priority sectors	7,158,578	
	Possible access to finance for SMEs	0	
	Support low carbon markets and technologies	9,937,044	
	Energy efficiency for SMEs	9,937,044	
	Innovative technologies e.g. use of resource efficiency measures	2,588,026	
Economic Infrastructure	Flood and coastal risk management	5,176,052	11,914,687

	Investments in green and blue infrastructure		
		2,588,026	
	Unlocking economic potential e.g. accessibility of priority sites	4,150,608	
Skills, Employment and Social Inclusion	Increasing employer uptake	12,173,489	
	Reducing unemployment	28,404,808	
	Targeted community support programme	7,837,325	
	Helping excluded groups back into training and work	7,837,325	
	Meeting the needs of key sectors and higher level skills	32,462,638	
	Increase employability and enterprise skills	8,115,659	96,831,244
Community Led Local Development	Community Led Local Development	10,449,765	10,449,765
Total			214,323,248

These themes are largely pre-determined by the national agreement with the EU, although there is some local discretion around the balance of funding. The critical issues which remain are:

- The degree of flexibility between themes – being overly prescriptive generally leads to an inability to commit funds to business requirements which do not fall within single, simple definitions
- The need to build on existing programmes – there is a risk that D2N2 in their desire to build a coherent single programme, forget about existing activities, many of which are demonstrating success and good vfm. Our experience is that organisations look for stability in funding sources to minimise cost and maximise impact
- The way in which funds under local management will dovetail with central government funds identified through the ‘Opt-in’ process. It is still not entirely clear as to the extent of influence we will gain for putting our funding up as ‘match’

1.2 **The need to start preparing a pipeline of projects** – In parallel with agreeing the Key Activities, if we are to be successful in securing funding, N2 needs to start the process of developing and prioritising a project pipeline – in readiness for the release of funding (currently scheduled for December 2014). This needs to dovetail with D2N2’s overall coordination of the project pipeline. In order to commence this process we recommend:

- The establishment of an officer sub-group of the EPC (having also considered the resource implications of the EPC taking an active role in supporting the ESIF) to identify and recommend prioritisation of projects (and thereafter support the development of priority projects)
- Liaison (via LEPOG) with D2N2 to ensure a clear understanding of critical success factors to give projects the greatest chance of success

- Consideration by the EPC of an initial list of projects at its September meeting

1.3 **Who commissions what** – once the framework has been agreed, the next critical decision is who commissions what programmes. The importance of this is that there will be areas of spend in which we may consider that an N2-level approach will produce better outcomes than a D2N2-level approach. There has not yet been a conclusive discussion at LEP Board level (or LEPOG) about this – although the assumption by D2N2 officers is that the commissioning process is managed at D2N2-level. Guidance from CLG is not yet definitive – and allows scope for ‘local partners’ to ‘promote desired investments for key local priorities and how they might be met through the Funds. In light of this, we recommend:

- That N2 agrees the principle that commissioning is more effective if done closer to the (local) point of delivery – however, there may be occasions when economies of scale (in commissioning, management or delivery) mean that commissioning at D2N2-level is more appropriate¹
- That D2N2 officers should set out a rationale for why they believe specific activities (within each of the 19 key activities) should be commissioned on a LEP-wide basis
- The N2 EPC should consider this rationale and make further proposals in this light

1.4 **N2’s role in management, monitoring and delivery of the ESIF** – The draft ESIF strategy sets out the activities involved from development of the Annual Implementation Plan through to monitoring and review of delivery (see Appendix B). This does not currently describe specifically the role of the EPC (although it does lay out the general role of an ‘ESIF Advisory Network’. We recommend that the EPC (through LEP Board) should push for a specific agreement with D2N2 which sets out the substantive role played by N2 at each stage of the process

2 BACKGROUND (INCLUDING OUTCOMES OF CONSULTATION)

2.1 While the Growth Deal just announced focuses on specific projects (and freedoms and flexibilities) within the gift of Central Government, the ESIF provides a framework for the investment of EU funding (largely ERDF and ESF, but also EAFRD and ancillary programmes). Ensuring the right framework for investment in N2 authority areas is therefore critical. Until recently there had been debate around whether this framework would enable allocations to an N2 level – however, DCLG has established that there will be no allocations (real or nominal) below LEP-level. The ESIF Annual Implementation Plan – through which programmes are designed, funded, delivered and monitored – therefore assumes more importance to N2 authorities.

¹ To illustrate, an employability programme which is focused on individuals within a given local authority area where that local authority plays a critical role in working with citizens, schools, employers is likely to be better commissioned locally. An innovation programme which helps businesses to access the best that our universities have to offer may be better commissioned on a D2N2 basis

D2N2 has prepared the attached paper (Appendix A) which sets out their view on the Annual Implementation Plan – from principles through to key activities

by theme. This stems from early drafts of the ESIF which have been submitted to Central Government through the past months.

3 OTHER OPTIONS CONSIDERED IN MAKING RECOMMENDATIONS

- 3.1 Agreeing the principle that commissioning is more effective if done closer to the (local) point of delivery as well as on occasions economies of scale mean that commissioning at D2N2 level is more appropriate is important principle to establish. Also it is important to shape the Implementation Plan to enable priority projects that deliver jobs and growth in the N2 area to be supported through the programme - Therefore doing nothing was rejected

4 FINANCIAL IMPLICATIONS (INCLUDING VALUE FOR MONEY/VAT)

- 4.1 Total D2N2 ESIF funding circa £214,323,248 depending on exchange rates.

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

- 5.1 None at this stage.

6 SOCIAL VALUE CONSIDERATIONS

- 6.1 EU Funding will contribute social inclusion, skills and employment themes as well as support to business and growth.

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)

- 8.1 Developing the ESIF Annual Implementation Plan – Appendix A

Indicative D2N2 Process for Inviting, Assessing, Contracting and Monitoring Projects and Programmes using EU SIF Funds – Appendix B

9 PUBLISHED DOCUMENTS REFERRED TO IN THIS REPORT

9.1 None

10 OTHER COLLEAGUES WHO HAVE PROVIDED INPUT

10.1 EPC Chief Executives on 11 July 2014.