



Derby City Council

**URGENT LEADER OF THE COUNCIL  
CABINET MEMBER MEETING**

19 May 2015

Report of the Acting Strategic Director of  
Neighbourhoods

# ITEM 6

## **European Structural and Investment Fund Strategy 2014-2020 – Responding to Early Calls and Tenders**

### **SUMMARY**

- 1.1 In March 2015 Department for Communities and Local Government (DCLG) released early calls for ERDF in D2N2 the following calls have been issued;
- Priority Axis 1 – Promoting Research and Innovation - £14m – closing date 27 May 2015
  - Priority Axis 3 – Enhancing the Competitiveness of SMEs - £12.5m – closing date 27 May 2015
  - Priority Axis 4 – Supporting the Shift towards a Local Carbon Economy - £10m – closing date 20 May 2015
  - Business Growth Services - £1.5m – closing date 6 May 2015
- 1.2 The first European Social Fund (ESF) opt-in specifications are being developed with the Skills Funding Agency and are expected to be released in June 2015. In D2N2 the priority for ESF is to support individuals furthest from the job market.
- 1.3 A national call for Technical Assistance (TA) was also issued at the end of March. TA is funding that can be drawn down to support the administration of the ESIF programme.

### **RECOMMENDATION**

- 2.1 Agree for officers to continue to work with partners to develop collaborative bids for the early ERDF calls and submit outline applications to meet deadlines.
- 2.2 Agree for officers to work towards identifying indicative City Council match funding to support ERDF outline applications which will be brought to a future Cabinet meeting for final determination.
- 2.3 Agree for officers to continue to work with partners to develop collaborative bids for ESF Programmes (including EMPLOY Local) and Technical Assistance.

- 2.4 Agree to investigate the opportunity of acting as the Accountable Body in some of the above collaborative bids, the legal and finance implications of which will be brought to a future Cabinet meeting for final determination.
- 2.5 To consider options for the Council's involvement in the Building Better Opportunities programme.

## REASONS FOR RECOMMENDATION

- 3.1 D2N2 has an indicative allocation of £225m through the European Structural and Investment Fund Programme (ESIF) 2014-2020. The programme promotes sustainable economic growth and the Council's needs to be in a good position to respond to this opportunity and access funding to help deliver its economic priorities.
- 3.2 The workshops have generated a list of potential ERDF projects in Derby / benefitting Derby - attached at Appendix 2. This list is not exhaustive and there will be other projects which come forward that do not feature and which have not been discussed with officers.
- 3.3 The process of applying for ESIF funding is two staged; an initial outline application is submitted in response to a call for activity and if successful, applicants are invited to submit a full application. Officers are currently preparing outline applications in response to the early ERDF calls;
  - promoting Research and Innovation
  - enhancing the Competitiveness of SMEs
  - supporting the Shift towards a Low Carbon Economy
- 3.4 The submission of an outline application does not commit the Council to acting as the Lead / Accountable Body or to provide indicative match funding contributions for projects. These details would be finalised if projects are successful and full applications are developed. A detailed report on the projects progressing to full application will be prepared to obtain the necessary approvals.
- 3.5 This report is seeking in principle approval to submit outline applications for the early ERDF calls and to work towards identifying *indicative* match funding against projects from the Council's Capital Programme and recycled Derby Enterprise Growth Fund (DEGF) loan re-payments. Within the Council's Capital programme, £4.5m of funding is identified to match fund ESIF projects, this is corporate borrowing in 2016/17 and 2017/18. The projects set out in this report relate to the first call for ESIF support, further calls are expected over the summer and consideration should be given to how to make best use of this funding for the current and future calls that may have a better fit with the Council's priorities. Details of the projects and indicative match funding requirements are set out in Appendix 2 – highlighted in green.
- 3.6 The current ERDF calls for proposals are to benefit SMEs and indirectly create jobs. The calls that create opportunities for project development to expressly engage disadvantaged communities are ESF-related – Building Better Opportunities and Employ Local in particular. Tenders for these programmes are expected to be released in June/July 2015. Details of these ESF programmes are set out at Appendix 3.

- 3.7 In response to the early ERDF calls and the requirement for projects to be large and strategic and have an impact across the D2N2 area, a series of partnership workshops were held in April facilitated by the Economic Regeneration Division with support from the Climate Change Team. The workshops have enabled wider partnership discussion to share project ideas and identify opportunities for collaboration. It is proposed that the Council is a delivery partner in a number of these collaborative projects, details are provided in Appendix 2 – highlighted in pink.
- 3.8 The Economic Regeneration Division is currently reviewing EU staff capacity – the Council only has one part-time officer dedicated to EU matters (0.2 FTE). A business case to enhance the Council's EU staffing capacity will be prepared in the coming weeks. The business case is likely to include a proposal for Technical Assistance. This might involve a joint bid with the County Council to offer this support across the County and initial discussions have taken place with the County Council. Consideration is also being given to the possibility of a shared EU funding resource between the City and the County.

#### **REASON FOR URGENCY AND SUPPORTING INFORMATION**

- 4.1 There is a very short timescale for ERDF outline applications to be submitted. The closing date for outline applications for the early ERDF calls is 20 May (Low Carbon) and 27 May (Innovation and SME Competitiveness).
- 4.2 While the lead-in to respond to the tenders for ESF programmes is a little longer, there is a great deal of work required to develop robust and competitive collaborative bids with partners. Tenders for ESF Programmes are expected to be released early in June with an eight week timescale to submit initial bids.

#### **OTHER OPTIONS CONSIDERED**

- 5.1 Delay submitting projects until further calls are issued in June. This approach would result in a missed opportunity for the Council in accessing funding at this early stage in the programme. The early ERDF calls provide an opportunity to put a marker down for Derby priorities and test partnership working arrangements. The work required to develop outline applications for this early call will ensure the Council is in a strong position to respond to future calls.
- 5.2 The City Council could develop projects for the ESIF programme without engaging with partners outside of the City. However projects that are strategic and can demonstrate an impact across the D2N2 area are being encouraged through the ESIF programme and are more likely to be successful.

**This report has been approved by the following officers:**

<b>Legal officer</b> <b>Financial officer</b> <b>Human Resources officer</b> <b>Estates/Property officer</b> <b>Service Director(s)</b> <b>Other(s)</b>	Emily Feenan - Principal Lawyer  Diane Sturdy – Acting Head of Service – Organisational Development Alistair Burg – Interim Head of Strategic Asset Management and Estates  Alan Smith – Head of Economic Regeneration
<b>For more information contact:</b>  <b>Background papers:</b> <b>List of appendices:</b>	Emma Dann, RGF Programme Manager 01332 643047 - Emma.Dann@derby.gov.uk None  Appendix 1 – Implications Appendix 2 – ERDF Early Calls - confidential Appendix 3 – ESF Early Tenders - confidential

## 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 The Council is seeking approval to submit outline applications in response to this first ERDF call. At this point there is no contractual commitment to becoming the Accountable Body or to find the indicative match funding allocations identified in Appendix 2. Full consideration and approval will need to be given to the financial implications and the resourcing of the fund administration before progressing to full applications.

### Legal

- 2.1 Full consideration will need to be given to the legal implications of the City Council acting as the Lead Organisation, Accountable Body or Managing Organisation for a bid to the ESIF Programme.
- 2.2 Where initial applications are successful, legal advice will be taken to ensure efficient and legally sound delivery models are developed.

### Personnel

- 3.1 Some of the initiatives will link to the delivery of the Council's Employment Charter, which is both internally and externally focussed. The aspiration is for all citizens to have fair employment opportunities.

### IT

- 4.1 None arising directly.

### Equalities Impact

- 5.1 The ESIF programme will 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. The Building Better Opportunities programme aims to tackle Poverty and Social Inclusion and will be targeted at minority communities.

### Health and Safety

- 6.1 None arising directly.

## **Environmental Sustainability**

7.1 None arising directly.

## **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 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.

## **Risk Management**

9.1 None arising directly

## **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.