

## **Swindon and Wiltshire LEP – JSEC – ESIF Paper – for 28 April 2016**

### **Purpose:**

To update the Swindon & Wiltshire LEP Joint Strategic Economic Committee on progress of the European Structural and Investment funds 2014-2020 programme

### **Recommendation:**

That JSEC notes given all factors, progress to date has been reasonable and that spend and performance profiles are on target to meet the 2018 Performance Review.

### **Summary:**

- Generally there is reasonable progress to implement the ESIF Strategy though this varies between the three funds, and especially within ERDF.
- Work is ongoing, to develop the right investment framework for businesses for Low Carbon whilst there is constant policy review to determine other calls for projects.
- The rural local growth programme is still delayed and will not begin until September 2016

## **A. General progress & Programme developments**

### **ESIF Strategy Refresh**

1. The ESIF strategy “refresh” has been submitted to the national Growth Programme Board for ratification in June 2016.
2. In March, the Rural Payments Agency (RPA), the Managing Authority for EAFRD (rural development programme) wrote to SWLEP asking for a re-profile of plans for calls for investments, whilst confirming the financial allocation of £3.9m. The rural local growth programme will be managed centrally by the RPA, though calls will be determined locally. It is anticipated that the RPA will carry out an annual reconciliation of the sterling value of the allocation, and will use a different rate and method to calculate the value than other Managing Authorities will use for ESF or ERDF. Some monies will be placed in reserve for this purpose.

### **Committee update**

3. There are three new ESIF sub-Committee members. They are:
  - Tim Ward Voluntary & Community Sector
  - John Mortimer Business development
  - Paddy Bradley SWLEP / Business
4. Following departures of a number of Committee members there are still 3 vacancies, each for lead representation on Equalities; Employees; and Education, skills & employment. The Chairman, Committee members and Secretariat will invite new members to the Committee.
5. Work to be undertaken by SWLEP in relation to its Assurance Framework will include the ESIF sub-Committee’s governance arrangements.

## **B. Progress on local implementation**

6. It is now possible to provide some data on performance. Table 1 shows a high level summary of performance. The Performance Framework targets are for total expenditure – counting all

ESIF and levered match funds at 2018 and again at 2023. Meeting these targets allows the local programme to draw down the full notional allocations stated.

7. ERDF is generally on track to meet the Performance Framework targets. All figures are provisional and are based upon presumption that current commitments become certified spend by the end of 2018. However, figures hide differences in performance within the programme.
8. ESF is also more on track to meet the Performance Framework targets for total spend. However, as services contracted by Skills Funding Agency are limited in duration to March 2018, there is risk of underspend, though not likely to affect achieving the target.
9. For both funds, there are also output targets for 2018, though none appear overly stretching. Progress on these and other targets will be reported as projects begin activity. In general terms the proposed outputs closely track investments and applicants are planning to deliver sufficient quantities to achieve targets.
10. We are yet to make any project calls under the EAFRD - rural growth programme. The RPA has not issued performance targets as the programme will be managed centrally by the RPA.

Table 1

Structure Fund	Notional Allocation of ESIF*1	Allocated to calls (ERDF) / tenders (ESF)	Committed to projects (ERDF) Tenders open / closed (ESF)	ESIF spend by projects	Remaining ESIF funds (not yet allocated)	Progress towards Performance framework spend target for 2018*2
ERDF	£16,951,235	£6,214,548	£5,714,548	£0	£10,736,687	75%
ESF	£16,924,011	£12,194,618	£5,999,389	£0	£4,729,393	390%
EAFRD	£3,900,000	£0	£0	£0	£3,900,000	No target

\*1 Based on January 2016 exchange rate

\*2 Based on projection of calls & commitments. Actual target achieved is certified spend by projects

### **ERDF – European Regional Development Fund**

11. Whilst overall progress of ERDF appears satisfactory, there are different rates of progress between the programme priorities-

- Priority 1 (research & development) – 60% funds committed to calls – developing pipeline
- Priority 3 (SME competitiveness) – 46% funds committed to calls – pipeline under review
- Priority 4 (Low Carbon-energy) – 0% funds committed to calls – developmental stages

12. *Projects – Advised by ESIF sub-Committee to go forward for funding*

- a) Export to Growth – A regionally delivered project by BusinessWest / UKTI will provide intensive support to 81 local businesses proposal investing £600,000 ERDF over 3 years.
- b) Porton Science Incubator - A capital-build project by Wiltshire Council to create high-spec workspace at Porton Science Park, investing £3m ERDF alongside Growth Deal monies.
- c) Local Manufacturing Advisory Programme – A regionally delivered project by SWMAS will provide intensive support to 74 local manufacturing businesses over the next 3 years.

- d) Innovate2Succeed – A locally delivered project from BusinessWest / Enterprise Europe Network will provide 150 key sector and higher growth potential SMEs with effective approach to R&D and innovation for growth over the next 3 years.

#### 13. *Proposals – Advised by ESIF sub-Committee to go forward to full application*

- a) SME Growth – A single proposal led by Wiltshire Council to deliver the Swindon & Wiltshire Growth Hub deploying £1.2m ERDF over 3 years. Outline proposal indicated over 400 SMEs would receive support with 240 jobs created. A full application will be invited and an appraisal should be seen by the ESIF sub-Committee in July 2016.
- b) Health & life sciences support – Two applications were received in response to this call for a [project to deliver services](#) dedicated to health and life science sector SMEs with focus on driving success of Porton Science Incubator. Both applications had merits, but the sub-Committee felt that neither would fully realise the opportunity. *At time of writing*, SWLEP leadership is working with the applicants towards a single partnership to make a full application. Value will be £0.5m ERDF for a 3 year project.

#### 14. *Calls developments*

- a) Work continues to set priorities to specify calls for energy related projects under ERDF Priority 4 (Low Carbon). This includes an event at Swindon Civic Offices on 4<sup>th</sup> May 2016 where invited delegates will discuss priorities, provide feedback on their relevance. The event will be used to gauge likelihood of deliverable and impactful projects so that initial calls can begin in July 2016.
- b) In March, the sub-Committee received a paper from local partners on current developments for innovation ecosystem, research facilities and infrastructure that can support local sector and technology specialisations and drive research and innovation-driven business growth.

#### **ESF – European Social Fund**

15. Overall progress for ESF appears satisfactory, with all three opt-in-organisations active in selection and procurement of projects and services that deliver employment and skills support. Programme progress per priority -

- Priority 1.1 (Access to employment for job seekers and inactive people) – 90% allocated
- Priority 1.2 (Labour market integration of young people) – 71% allocated
- Priority 1.4 (Active inclusion and participation) – 91% allocated
- Priority 2.1 (Lifelong learning for all age groups) – 56% allocated

#### 16. *Projects and Services*

- a) The Skills Funding Agency (SFA) has concluded its procurement of the skills coaching service for young people services under priority ESF 1.2 and has awarded a contract to LearnDirect. The services will target under-25s not in employment or training for work-based skills to help them take-up employment opportunities in the local area. The project will deploy around £1m to support over 500 individuals until March 2018.

#### 17. *Tenders and applications*

- a) The DWP has a tender open until 28 April 2016 for the [supporting employability](#) support for people experiencing some difficulty in labour market. Services for this £3m investment will begin in late 2016 and initially run for 3 years.
- b) In March 2016, the sub-Committee advised the Big Lottery Fund (BLF) on Community First's full proposal for its Building Bridges project to promote social inclusion. BLF will

invest £2m alongside £2m ESF to deliver a comprehensive range of support to over 1800 people most disadvantaged in the labour market through a diverse partnership led by Community First. Target groups are those with learning difficulties and disabilities, unemployed people over-50, vulnerable women, young people and workless households and families. The project will help participants encountering multiple barriers to employment.

- c) A £4m package for workforce skills services targeted to deliver higher and intermediate skills to workforces is scheduled by SFA to be tendered imminently.
- d) A £0.95m package to help older workers utilise skills and experience and to extend careers is scheduled by SFA to be tendered imminently.
- e) A £1.2m package to support efforts to raise aspirations of young adults in science, technical, engineering and mathematic (STEM) careers – by working with employers, education and training providers is scheduled by SFA to be tendered imminently. Services must complement National Careers Service and local Careers & Enterprise company services by providing work-place skills, work experience, traineeships and apprenticeships.

### 18. Developments

- a) Following changes to the Adult Skills Budget, the SFA co-funded services must end in March 2018. This creates two pressures on programme progress. Firstly, the availability of match-funding from 2018 is uncertain; and secondly, due to short time available some services may not fully spend budgets. Local partners will continue to work on these issues in order that services can be continued or replaced with new services using recycled funds.
- b) Local partners will work with new providers of services as they commence to embed organisations within the various provider forum and networks that feed into the SWLEP and local authority Employment & Skills Boards to encourage an integrated and easy to navigate approach for participants, and to avoid duplication.

### **EAFRD – Rural Development programme**

24. Calls are currently being held in abeyance by the RPA until September 2016. Local partners are working with the regional RPA to arrange for number of calls covering ESIF Strategy activity themes for rural tourism, the food and drinks sector and business innovations for natural capital which will invest £3.9m between 2017 and 2020.

25. Following the programme hiatus, local partners have had to review the proposed calls and there are some minor changes to the call amounts due to eligibility and other issues becoming clearer, and to conform to RPA programming policy. The Rural Economy Group and ESIF sub-Committee are being kept up to date with developments, and a communications plan to prepare rural businesses and organisations for the funding rounds is also in planning.

### **C. Programme progress chart**

ESIF theme and funding	Local call theme / proposal	ESIF investment	Summary of outputs (where still at proposal)	Earliest project start date
SME Growth ERDF allocation - £4.8m	SME Growth Hub	£1.2m ERDF	<ul style="list-style-type: none"> <li>• (432 SMEs supported)</li> <li>• (173 start-ups)</li> <li>• (240 jobs created)</li> </ul>	September 2016
	Export to Growth	£0.6m ERDF	<ul style="list-style-type: none"> <li>• 81 SMEs supported</li> <li>• 65 jobs created</li> </ul>	August 2016
	Manufacturing advice	£0.41m ERDF	<ul style="list-style-type: none"> <li>• 74 SMEs supported</li> <li>• 56 jobs created</li> </ul>	July 2016

<b>Innovation and smart specialisation</b> ERDF allocation - £6.7m	Porton Science incubator	£3m ERDF	<ul style="list-style-type: none"> <li>• Workspace centre</li> <li>• Infrastructure project</li> </ul>	May 2016
	Innovation 2 Succeed	£0.5m ERDF	<ul style="list-style-type: none"> <li>• 150 SMEs supported</li> <li>• Cooperation, research, products, processes</li> </ul>	June 2016
	Health & Life science SME cluster support	£0.5m ERDF	<ul style="list-style-type: none"> <li>• <i>Proposals still under consideration</i></li> </ul>	October 2016
<b>Low Carbon</b> ERDF allocation - £5.4m	<i>Priorities under development</i>	TBC ERDF	<i>Overall targets for 285 SMEs supported, CO2 reductions of 3506t and 1 MW additional renewable energy capacity</i>	TBC
<b>Skills for growth</b> ESF allocation £7.8m	Skills brokerage service	£4.4m	<ul style="list-style-type: none"> <li>• 2222 participants</li> <li>• 900 SMEs supported</li> </ul>	September 2016
	Raising aspirations for STEM careers	£1.2 TBC	<ul style="list-style-type: none"> <li>• 659 participants</li> <li>• 441 progress to employment, traineeship apprenticeship, etc</li> </ul>	October 2016
<b>Skills for inclusion</b> ESF allocation £9.1m	Skills coaching for young adults	£1m	<ul style="list-style-type: none"> <li>• 500 participants</li> <li>• 124 into employment</li> <li>• 50 into education</li> <li>• 200 into apprenticeships</li> </ul>	April 2016 <b>(LIVE)</b>
	Utilising older workers skills	£0.95m	<ul style="list-style-type: none"> <li>• 503 participants targeting over-50s</li> </ul>	September 2016
	Promoting social inclusion	£2m	<ul style="list-style-type: none"> <li>• 1827 participants</li> <li>• 536 into employment</li> </ul>	June 2016
	DWP employability	£3m	<ul style="list-style-type: none"> <li>• 1500 participants minimum</li> </ul>	October 2016
<b>Rural development</b> EAFRD - local growth allocation £3.9m	Rural Tourism Accommodation	£0.55m EAFRD	<ul style="list-style-type: none"> <li>• TBC</li> </ul>	January 2017
	Tourism campaigns	£0.45m EAFRD	<ul style="list-style-type: none"> <li>• TBC</li> </ul>	January 2017
	Natural Capital – tourism & heritage	£0.3m EAFRD	<ul style="list-style-type: none"> <li>• TBC</li> </ul>	January 2017
	Food & drink manufacturer's	£1m EAFRD	<ul style="list-style-type: none"> <li>• TBC</li> </ul>	January 2017
	Food & drink value and supply chain	£0.7m EAFRD	<ul style="list-style-type: none"> <li>• TBC</li> </ul>	September 2017
	Natural Capital – Forestry, Biomass & Renewables	£0.4m EAFRD	<ul style="list-style-type: none"> <li>• TBC</li> </ul>	September 2017
	Business Innovations for Natural Capital	£0.5m EAFRD	<ul style="list-style-type: none"> <li>• TBC</li> </ul>	January 2017