

Swindon and Wiltshire Local Enterprise Partnership

Joint Strategic Economic Committee

1 December 2015

Swindon and Wiltshire JSEC ESIF – Progress report

Introduction

1. Paper updating JSEC on Swindon & Wiltshire European Structural and Investment Funds (ESIF) programme's progress with detail on strategy implementation, update on call for projects and ESIF strategy 'refresh' and the steps taken locally to develop calls for projects.

Programme progress

2. Milestones reached in recent months:
 - All Operational Programmes - European Regional Development Fund (ERDF) Rural Development (EAFRD) and European Social Fund (ESF) have been agreed between London and Brussels.
 - Business processes for ESIF project selection confirmed by Managing Authorities (MA)
 - ESIF Committee has received Terms of Reference from national Growth Programme Board
 - ESIF strategy "refresh" is underway to align local Strategy with national operational programmes, and bring ESIF governance into line with SWLEP structures

Progress on local implementation

Call progress - summary

3. Intense activity to scope and develop call specifications for projects to deliver strategic objectives.
 - ERDF
 - Calls due – (a) SME Growth ('growth hub') project and (b) for health and life sciences business cluster support due for publication by late November 2015
 - Four extant calls allocating £4.25m ERDF and leveraging further £5.4m support for SMEs
 - ESF
 - Applications received by Big Lottery with progress to stage 2 due in November 2015
 - Skills Funding Agency (£12.53m ESF) – delays expected due to revision to ESF allocation and changes expected by SFA
 - DWP opt-in work on employability support ongoing
 - EAFRD
 - First rural development call - for tourism accommodation – to be called following ministerial approval

Extant calls - progress

4. *Manufacturing Advice* and *International trade for SMEs* – both to be funded and delivered by regional contract holders of Business Growth Service.
 - ERDF allocated (£1.05m and £1.4m respectively) will not be fully utilised by applicants.
 - Appraisals of full application expected Dec. 2015
 - Projects are not likely to start until early 2016 – *Manufacturing Advice* project anticipated to have short (15 month) duration due to limited availability of match funding from BIS.

5. *Health and Life Sciences centre* – Up to £3m ERDF allocated linked to Growth Deal.
 - Single application received (from Wiltshire Council)
 - ESIF Committee gave positive advice to MA on its outline assessment.
 - Applicant invited to make full application, and appraisal expected shortly for Dec. 2015
 - Proposal remains for February 2016 for building work to commence

6. *Innovation Support Services* – Up to £500,000 ERDF available to fund up to 50% project costs for innovation service targeted at key sectors
 - Open call made by MA on 24 July 2015.
 - Objective to provide 'higher growth potential' SMEs with effective approach to R&D and innovation for growth.
 - Outline assessment(s) being concluded by MA for ESIF Committee to advice on strategic fit of proposals prior to full application in Dec. 2015

7. *Skills Funding Agency (SFA) opt-in* – Committee advised its overall satisfaction of application by SFA to become an ESIF co-funding organisation using the Adult Skills Budget. Specifications for four invitations to tender are planned for projects to deliver:
 - Demand-led skills brokerage service to support businesses plan and access skills provision
 - Skills coaching for young adults (16-24) to sustain and improve workforce credentials
 - Project aimed at utilising older workers skills and experience and for extended careers
 - Project to raise aspirations of younger adults in science, technical, engineering and mathematic (STEM) careers – working with employers, education and training providers.

8. However, the Skills Funding Agency arrangements require further work due to Adult Skills Budget co-funding becoming uncertain. Subject to the government's imminent spending review, the SFA cannot confirm co-funding availability beyond 2018. Funding may be devolved locally from 2019 onwards which will affect how ESF monies are invested. Planned projects will now need end in 2018, with delivery truncated to around 18-24 months instead of the planned minimum 36 months. Plans are being re-drawn to ensure strategic projects for workforce skills and business investment in skills and talent remain viable.

9. *DWP* – work is concluding with Job Centre Plus and DWP to specify employability skills and in-work support for people experiencing difficulty in labour market. ITT will be issued in 2016.

10. *Big Lottery* – Four applications received for £4m Promoting Social Inclusion project.
 - Committee provided advice on strategic fit of applications received in August 2015
 - Selection for stage 2 applications to be taken by Lottery panel in early November 2015
 - Committee to assess and advise on stage 2 (final) applications in early spring 2016

Planned calls - development

11. *SME Growth* – call to allocate up to £1.2m ERDF over 3 years for 'growth hub' type project
 - Committee to agreed to make call, which is scheduled for publication in December 2015.
 - Call is supported by local partners and Growth Hub Governance Group chair.
 - Projects should build upon Growth Hub-pilot and related support services
 - Project unlikely to begin until summer 2016

12. *Health and life sciences business cluster* – call allocates up to £0.5m ERDF over 3 years - due for publication in December 2015

- Call to lead to a project that provides sector support focusing on supporting businesses in and around proposed life sciences centre at Porton, and extending across area.
13. *Rural Tourism accommodation* – call to allocate £0.55m of competitive grants to lever around £0.825m of investment in quality accommodation linked to local tourism offer.
- Main objective is to create quality accommodation to increase the value and quantity of visitor stays and is based on VisitWiltshire’s accommodation study.
14. *Other developments* - Local partner and SWLEP officers working on a variety of potential calls with partners, stakeholders and potential funders, including with:
- SWLEP Rural Economy Group and in particular Visit Wiltshire on EAFRD calls
 - SWLEP sub-groups, such as High Value Manufacturing (HVM) and health & life sciences groups to understand nature of market failures and opportunities and the developmental steps required prior to making calls for projects that address these issues.
 - Higher Education providers, InnovateUK and The Hive building research centre
 - Closer working with Committee members is becoming established – eg; on low carbon

Programme developments

15. A ‘refresh’ of the ESIF strategy has been requested by the Growth Programme Board:
- Revised notional financial allocations received for ERDF and ESF along with performance targets have been received and are subject to review and discussion and ESIF Committee has been asked to provide formal response due to be concluded by end of November 2015.
 - The main findings are:
 - ERDF performance targets due (for 2018) appear to be achievable and can be met.
 - A reduction in funds for SME growth and innovation is balanced by increased low carbon funding.
 - ESF performance targets appear achievable, but are subject to further clarification
 - Revised notional financial allocation for ESF creates shortfalls and surpluses and affordability issues for some investments – particularly Skills Funding Agency investments, which are now compounded by the uncertainty over its future.
 - Some ESF investments will be delayed as DWP MA works with opt-in applicants
 - SWLEP ESIF Strategy governance section re-drafted to align with Terms of Reference.
 - An informal meeting of ESIF Committee was held on 5 Nov. 2015 which discussed implementation planning, informal ways of working within formal ESIF business processes and the ESIF refresh. Members provided a number of ideas to be developed to improve -

Recommendation

16. To note the update

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