



Lancashire Enterprise Partnership Limited

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European Structural & Investment Funding 2014-20 Update

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Executive Summary

The report sets out the latest position on the development of Lancashire's European Structural and Investment Funds (ESIF) Strategy including;

- The current position of the 3 ESIFs Operational Programmes 2014-20
- The initial European Regional Development and European Social Funds calls which will be issued to bring forward activity in Lancashire
- Project / Opt In development and delivery
- Extensions for existing projects in the 2007-13 programme

Recommendations

The Board is asked to:

- i. Note and comment on the issues raised in the report and, if appropriate, request that any comments are considered at the next meeting of the Lancashire ESIFs partnership;
- ii. Request a more detailed report to the June meeting of the LEP Board to consider the pipeline of capital and revenue projects proposed for the initial three years of the 2014-2020 ESIF operational programme, consistent with the LEP's Strategic Economic Plan; and
- iii. Request proposals regarding governance of LEP business support activities be submitted to the June meeting of the LEP Board, as part of the on-going development of the LEP's Assurance Framework.

Background and Advice

1. European Structural and Investment Funds programme 2014-20 Implementation

- 1.1 As reported at previous meetings the Government has established a National (England) Growth Programme for EU funding over the period 2014-20. The Growth Programme includes the European Regional Development Fund (ERDF), European Social Fund (ESF) and a proportion of European Agricultural, Farming and Rural Development Fund (EAFRD). The EU Growth Plan is worth £5bn in England, with Lancashire having a notional allocation of £231m. The allocation is split approximately £137m ERDF, £90m ESF and £4m EAFRD.
- 1.2 In order to access this funding all LEPs have submitted a European Structural and Investment Funds (ESIFs) Strategy. The final version of the ESIFs Strategy will not be confirmed by Government until after the European Commission has agreed the Operational Programmes for the European Regional Development and European Social Funds (ERDF/ESF). The ERDF and ESF programmes were originally due to be approved in July 2014. At the time of writing the ERDF and ESF Operational programmes are not expected to be formally approved until June 2015 with the EAFRD programme having formally approved in March 2015.
- 1.3 As a result of current UK Government and European Commission negotiating position, it is becoming increasingly clear that the role of LEPs is to ensure the project fit of investment priorities with agreed SEPs and ESIF plans, but with project appraisal and ultimate decision-making responsibilities remaining with the UK Government, as the Managing Authority.

2. First Round ERDF and ESF Calls

- 2.1 In the case of ERDF and ESF activity the Government indicated, with formal guidance yet to be received, local ESIFs committees could request limited 'at risk' calls in March 2015 prior to General Election Purdah. Any calls would be based upon an 'in principle' agreement to certain elements of the ERDF and ESF Operational Programmes by the European Commission. As a result any projects approved as part of the pre Purdah call process will be operating 'at risk' until the Operational Programmes are approved. The Government are also planning to hold calls in June 2015.
- 2.2 The Lancashire ESIFs Partnership, the local advisory/governance body for ESIFs resources, agreed at its meeting on 5th March for a limited number of calls to be issued prior to the beginning of General Election Purdah. The



Partnership agreed to support the Lancashire Growth Hub by issuing two ERDF calls (related to Theme 2 of the Lancashire ESIFs Strategy). It also agreed to support an ESF call to support the Mental Health Trailblazer Pilot project in Blackpool (related to Theme 6 of the Lancashire ESIFs Strategy and one of the Lancashire Growth Deal projects for Blackpool). This decision was based upon recommendations from the LEP Skills and BOOST/Business Support Groups and reflects the need to sustain momentum and capability in some key initiatives and also to ensure that Lancashire's ability to draw down resource is not "crowded out" by the increased volume of calls now passing through DCLG from multiple LEPs.

- 2.3 The Partnership was also informed at the meeting that the Government had requested local agreement to calls be issued for activity related to national business support products focusing on the Manufacturing Advisory Service, Growth Accelerator and UKTI activity. Again the Partnership agreed to calls related to this activity to be issued on the basis that they had originally been supported (when described as Opt Ins) by the LEP Board. The ESIF calls which are now active to support future activity in Lancashire are summarised in Table 1 (see below);



Table 1

ESIF Strand	Provision Required	Value (3 year Programme)	Estimated Start Date
ERDF	BOOST - SME Support	£3m ERDF (ESIF) £3m Local Match	October 15
ERDF	BOOST - Research and Innovation	£3m ERDF (ESIF) £3m Local Match	Oct / Nov 15
ERDF	Additional Activity in Lancashire delivered by the Manufacturing Advisory Service	£1.5m ERDF (ESIF) £1.5m national government match	Oct 15
ERDF	Additional Activity in Lancashire delivered by the UK Trade and Industry (trade promotion team)	£1.5m ERDF (ESIF) £1.5m national government match	Oct 15
ERDF	Additional Activity in Lancashire delivered by the Growth Accelerator Programme	£1.5m ERDF (ESIF) £1.5m national government match	Oct 15
ESF (Open Call)	Support for Employment (Employment and Mental Health Services Integration Pilot)	£1m ESF (ESIF) £1m Growth Deal match	Spring/ Summer15
ESF SFA Opt In	Skills Support for the Workforce in SME's, Response to Redundancy and Industrial Change	£12m ESF (ESIF) Programme match provided by SFA but will not add to project budget.	Jan 16
ESF SFA Opt In	Activity to support young people who are Not in Education, Employment or Training (NEET) or at risk of becoming NEET	£6m ESF (ESIF) Programme match provided by SFA but will not add to project budget.	Jan 16
Total Lancashire ESIF Committed		£29.5m	

3. Opt In Organisations Activity

- 3.1 The ESIF Partnership also considered updates on the ESF activity being undertaken by the Skills Funding Agency and the BIG Lottery in respect of their Opt In proposals. The Partnership noted that the BIG Lottery Opt would launch in June 2015 and would focus, initially, on Older People with Low or No Skills and NEETS. A further call for activity will take place in autumn 2015 and this will focus on Vulnerable/Disadvantaged groups (as detailed in the Lancashire ESIFS Strategy) in addition to Older People and NEETS. Work is currently ongoing to develop project specifications for the June launch.
- 3.2 The Partnership agreed to support the proposal from the LEP Skills Board that the first two priorities for Skills Funding Agency Opt In would be projects in support of training for NEETs and Skills Support for the Workforce. The Partnership also agreed that further work should be undertaken by the LEP Skills Board to facilitate the drafting of a Funding Agreement, with a notional financial allocation, before the end of March 2015. It should be noted that any SFA Opt In agreement will need to include a management fee, currently at 10% of ESF value, to support the delivery of ESF in Lancashire.
- 3.3 The initial draft proposal for the SFA Funding Agreement is based upon a notional allocation of £40.7m of ESF allocated to projects in the first three years of the new ESIF programme. A draft thematic outline of how these funds will be used is shown within Table 2. This will be reported to the ESIFs Partnership, as the advisory/governance body, when it meets in May 2011 and will be developed in more detail once the ESF programme has been approved nationally.

Table 2 – Indicative Plan for Lancashire ESF monies to be matched against SFA's matched funding opt-in

Skills Funding Agency										
LEP Area	Activities	Amount of ESF	10% Admin	ESF total	Period of Time	Thematic Objective	Priority Axis	Investment Priority	Date of Full Application	RAG-Rating
North West										
Lancashire	Provision to reduce the number of young people, aged 14-24 (or up to 25 for young people with LLDD) who are not in education, employment or training (NEET), or are at risk of becoming NEET.	£6,000,000	£600,000	£6,600,000	Jan 16 - Dec 18	8	1	1.2	Mar-15	Green
Lancashire	Programme which incorporates Skills Support for the Workforce, Local Response Fund, Skills Support for Redundancy and Industrial Restructuring provision.	£12,000,000	£1,200,000	£13,200,000	Nov 15 - Oct 18	10	2	2.2	Mar-15	Green
Lancashire	Upskilling / retraining - non-work based, funded provision to allow individuals to update their skills within their existing sector or develop skills leading to employment in new and emerging sectors of the Lancashire economy.	£6,000,000	£600,000	£6,600,000	Mar 16 - Feb 19	10	2	2.2	Jun-15	Amber
Lancashire	Support for Higher Level Skills Programmes relevant to Lancashire's Key sectors particularly AEM, Energy and Digital sectors.	£3,000,000	£300,000	£3,300,000	Mar 16 - Feb 19	10	2	2.2	Jun-15	Amber
Lancashire	Skills Support for the Unemployed	£8,000,000	£800,000	£8,800,000	TBC	8	1	1.1	Mar-15	Green
Lancashire	Investigate existing demand for E.S.O.L. provision across Lancashire and explore where ESF might be able to augment provision and promote economic participation <ul style="list-style-type: none"> • Investigate existing demand for E.S.O.L. provision across Lancashire • Explore where ESF might be able to augment provision and promote economic participation 	£2,000,000	£200,000	£2,200,000	TBC	8	1	1.1	Mar-15	Green

4. Future Activity

- 4.1 The ESIF Partnership requested that partners start to develop a draft pipeline of activity for future ERDF and ESF Calls and present this to the May 2015 meeting with a view to the next tranche of Lancashire ESIFs calls being issued in June 2015. The aim of this process is to allow the ESIF Partnership to plan the implementation of Lancashire's ESIFs Strategy, in conjunction with the Managing Authorities, in support of local growth, skills, employment and social inclusion objectives and nationally specified outputs.
- 4.2 This has been discussed with the officers supporting LEP Skills Board, LEP Boost Board and the SME Consultation Group / Business Network of Networks and it is envisaged that activity prioritised by these groups will form part of the pipeline for calls from June 15 onwards.