



Meeting: Council

Date: 26 September 2013

Wards Affected: All

Report Title: 2014-20 European Structural & Investment Fund Strategy

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1. Purpose and Introduction

- 1.1 Government is devolving much of the administration of EU funding for 2014-20 to Local Enterprise Partnerships (LEPs). As part of this LEPs are being allocated funding which they must decide how to spend. The Heart of the South West LEP has been allocated €118m over the 7 years of the programme.
- 1.2 To receive this funding LEPs must create a Structural and Investment Fund (SIF) strategy which supports LEP, UK Government and EU priorities. A draft strategy must be submitted to Government by 7th October 2013.
- 1.3 LEP partners, in particular local authorities, are being asked to endorse the developing strategy to demonstrate to Government that it is supported and will meet local need.

2. Proposed Decision

That the Mayor be recommended:

- 2.1 That the EU funding strategy currently being developed by the LEP and the thematic priorities within this are endorsed.

3. Reason for Decision

- 3.1 The 2014-20 EU programme will provide an important source of potential investment for Torbay and support implementation of the economic strategy and delivery of economic growth. Endorsing the emerging SIF strategy will demonstrate to Government and the LEP that Torbay is supportive of the priorities included within it.
- 3.2 After submission of the draft strategy there will be a period of discussion with Government. Failing to endorse the strategy may result in Torbay having less influence over development of the final document and the priorities included within it.

This could in turn reduce the amount of funding available for activities within the Torbay area.

Supporting Information

4. Position

- 4.1 In July Government released further guidance on the future European programmes and development of EU Structural and Investment Fund (SIF) strategies by Local Enterprise Partnerships.
- 4.2 Government has set out that funding from the European Regional Development Fund (ERDF) and the European Social Fund (ESF) will be allocated to LEPs along with an element of European Agriculture Fund for Rural Development (EAFRD), although the amount from this fund is to be confirmed. The LEP needs to demonstrate to Government how it will use this funding to promote economic growth across the Heart of the South West and support the UK in delivering the national outcomes requires by the EU.
- 4.3 The Heart of the South West LEP has been allocated €118m for the 2014-20 period. Devon (including Plymouth and Torbay) has been designated as a transition area whereas Somerset is classed as a more developed area meaning the funding allocated to the Heart of the SW LEP is split. Of the €118m allocated across the LEP area €78.4m is currently allocated for the Devon transition area.
- 4.4 Eligible activity under the next programme is defined under a number of core themes. Both the EU and Government require LEPs to spend a minimum percentage of their structural funds on specific themes set out in the table below and the strategy priorities reflect this.¹

Theme	Requirements	Minimum allocation
Innovation	At least 60% of ERDF must be spent on these 4, min 15% total ERDF on low carbon	€28.2m
ICT		
SME Competitiveness		
Low Carbon		
Climate Change Adaption		
Environmental Protection		
Sustainable Transport		
Employment	At least 70% of ESF on these 3 priorities	€22m
Social Inclusion		
Skills		
Total		€50.2m

¹ Further information on these themes is available here - <https://www.gov.uk/government/publications/european-structural-and-investment-funds-strategies-supplementary-guidance-to-local-enterprise-partnerships>

The Strategy

- 4.3 The strategy is not yet finalised but is beginning to take shape and a vision, based on the LEP business plan set out.
- 4.4 Over the past year partners across the LEP have formed a funding group which has been collating evidence to support the strategy. Torbay, through the TDA, has been at the heart of this work and has contributed heavily to the early development of the LEPs approach. This work has now been analysed by the newly appointed LEP strategy manager and a draft set of issues/barriers to growth and strengths/opportunities pulled together under 5 headings:
- Business
 - People
 - Transport & connectivity
 - Other 'place infrastructure'
 - Environment
- 4.5 The challenges which EU funding will need to address broadly reflect those of the Bay and from these a number of potential thematic priorities have been developed under which applications will need to be submitted for funding. It should be noted that the list set out below is currently being finalised and not all the priorities may be reflected in the strategy submitted to Government.
- 4.6 Business
- Broadening and developing supply chains around higher value opportunities and developing higher value products and services
 - Encouraging enterprise that builds on our innovation base and our peoples creativity
 - Securing key investment and infrastructure opportunities that catalyse higher value growth
 - Supporting businesses to compete outside the SW and internationally
 - Raise the profile of our businesses and our strengths in emerging technologies / sectors to generate new orders, new businesses, new investment
 - Supporting our people and businesses with the skills they need
- 4.7 People
- Address unemployment (especially long term and youth unemployment) by aiding access to jobs
 - Improve workforce and employability skills
 - Improve higher level skills
 - Attract and retain higher level skills
 - Address local deprivation
- 4.8 Transport and Connectivity
- Improve digital infrastructure

- Improve *strategic* transport infrastructure (roads, rail & ports)
- Improve *local* transport infrastructure relating to growth opportunities
- Improve area's resilience to flooding

4.9 Other 'place infrastructure'

- Improve supply of new housing (especially affordable)
- Improve availability of employment sites and premises
- Improve energy supply through renewables
- Improve electricity grid connectivity
- Improve urban environment through local regeneration

4.10 Environment

- Making the most of the area's environmental assets
- Improving resource efficiency of areas homes and businesses

4.11 It is suggested that under the priority themes set out above the following activity identified within the Torbay economic strategy could potentially be part European funded:

- Development of a fish processing park
- Business support services
- Attracting and retaining higher level skills
- Investment in innovation to support the development of the hi tech sector – for example a virtual electronics/photonics catapult centre or a creative centre
- A knowledge transfer programme designed to support innovation in key sectors such as healthcare
- Torbay Works programme
- Support for strategic transport infrastructure (potential for the proposed Edginswell station)

4.11 The case is also being made by the TDA that a lack of suitable premises is hampering business growth locally, this is also an issue across other parts of the LEP and therefore there should be flexibility to allow investment in "gap funding" grow on space as well as managed/start up workspace.

'Opt in' Services

4.14 Government has put forward a number of 'opt in' prospectuses which LEPs can use part of their EU funding allocation to buy into. These are services provided by Government departments or national organisations which could be used to match EU funding centrally if LEPs wish to do so. Currently the Heart of the South West is proposing to buy into the following opt ins which form an integral part of the Plymouth City Deal:

- Manufacturing Advisory Service
- UK Trade & Investment

- Growth Accelerator
- The Skills Funding Agency

4.15 Government have not yet made clear how much of the funding allocation these services will take up.

Links to Other Strategies

4.11 The Plymouth City Deal, also due to be submitted to Government in October will play a role in shaping the EU funding strategy. The business support offer across the LEP area in particular will be influenced by the emerging City Deal proposal. The LEP is also required to develop a complementary growth strategy by December 2013. Work on this is being done in parallel to the EU funding strategy and there will be a high degree of alignment between the City Deal, the EU Structural and Investment Fund and the Single Local Growth Fund.

5. Possibilities and Options

5.1 Endorsing the LEPs emerging EU strategy will demonstrate Torbay's agreement on the priorities outlined within it. This is important if Torbay is to continue to influence the strategy development to meet the objectives set out in the economic strategy and potentially benefit from the funding made available through it.

5.2 The alternative is to not endorse the strategy which carries the risk of Torbay priorities not being represented and in the worst case the amount of funding secured by the Bay reduced.

5.1 It is recommended that the strategy is endorsed to ensure Torbay maintains the best possible chance of influencing its future development and accessing funding. The strategy will be endorsed in draft form, meaning it will be further developed following feedback from Government and further opportunities for comment made available at that stage.

6. Fair Decision Making

6.1 The EU strategy will determine what EU funding can be spend on from 2014-20. This has the potential to have a positive impact on all areas of Torbay if funds can be accessed for projects locally and if investment is made in LEP wide services such as business support. EU funded projects must demonstrate they will promote both environmental sustainability and equal opportunities, therefore projects funded through the strategy will have a positive impact.

7. Public Services (Social Value) Act 2012

- 7.1 Any procurement needed to further develop the strategy will be carried out by the LEP. This will be governed by Somerset County Council's procurement regulations as Somerset has agreed to act for the LEP in procurement.

8. Consultation

- 8.1 The EU strategy has been developed to date by a sub group of the LEP which includes representatives from the top tier local authorities, education and business. Consultation on the strategy has been, and continues to be carried out by the LEP. This has been used to shape the priorities set out earlier in this document. Over the past 12 months there have been two rounds of consultation both of which included workshops in Paignton which saw in excess of 40 Torbay businesses and organisations attend. An additional online consultation is due to go live shortly. The TDA's contribution to the development of the strategy has been based heavily on the views from business as expressed through its Business Barometer survey, company visit programme and through other meetings with businesses in Torbay.

9. Risks

- 9.1 The LEP EU funding strategy is still being developed, and not all the priorities set out in section 4 will be included in the final document. However, it is clear that the strategy supports the aims of Torbay to create jobs, reduce unemployment and deprivation and improve infrastructure.
- 9.2 A draft strategy must be submitted on 7th October, after this there will be a period of dialogue with Government. Failing to endorse the strategy may result in less of input for Torbay at this stage. Given the strategy is still being developed it is felt it would be more of a risk not to endorse the emerging priorities, particularly as these mirror local needs and will support delivery of the economic strategy.