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| Coast to Capital Board Meeting No. 25 24 September 2015 | Ref No. |
| Report Title: European Structural and Investment Funds Progress | 25.12 |
| Report by: Lindsey Simpson | |
| Recommendation | |
| The Board is asked to note the contents of this paper | |

Background

- Our European Structural and Investment Funds (ESIF) Strategy for the period 2014 -2020 sets out our priorities for use of our £61.2m allocation comprising:
 - **£28.7m European Regional Development Fund (ERDF).** *Support for businesses including: innovation, R&D, business support, sector and cluster development and adoption of low carbon technologies;*
 - **£28.7m European Social Fund (ESF).** *Support for skills for growth including higher level and intermediate skills in key sectors, workforce development in SMEs and support for social inclusion initiatives and for those who need help to access employment;*
 - **£3.8m European Agricultural Fund for Rural Development (EAFRD).**
- The ESIF Strategy is being implemented through the process of issuing 'Calls' for project proposals to achieve the aims and deliver the targets set out in the Strategy and Implementation Plan. The Calls are devised by the LEP and issued by the relevant government department/Managing Authority.
- Both ERDF and ESF have to be matched 50:50. This is also the case for EAFRD if the applicant is a private sector organisation. Public sector applicants can apply for 100% funding. (EAFRD Only)

Coast to Capital Calls for European Regional Development Fund (ERDF) projects

- An application led by the University of Brighton was received in response to our first Call for projects to support the Creative, Digital and IT (CDIT) sector through promoting HEI and SME collaborative research. The application has been approved for development to the full bid stage. As this is a highly specialised area of activity which must involve both universities and SMEs, it was not surprising that there was only one response.
- Three further Calls have been issued over the summer under *ERDF*:
 - Projects to support the ASEAN business project through helping SMEs to access the opportunities in the ASEAN economies and by promoting two-way trade links. Value:£1,075,601
 - Projects to provide business support for all stages of SME development and growth. Value £3,872,165

- c. Projects to support the Low Carbon, Environmental Goods and Services (LCEGs) sector, specifically aimed at wood fuel enterprises and their supply chains. Value: £1,290,722
6. The deadline for outline applications under all three ERDF Calls is 25th September 2015.

Coast to Capital Calls for European Social Fund ESF Projects

7. Under our opt-in arrangement with the BIG Lottery Fund, ten Calls were issued which closed on 3rd August 2015. These Calls were for projects aimed at those furthest from the labour market with a total value of £5,335,001. A total of 53 applications have been received and feedback on these has been submitted by Coast to Capital to the Big Lottery Fund.
8. Disappointingly, there have been further delays at national level which mean that we are not sure when the next Calls under ESF will be issued. We have a number of Calls ready for issue in the next round covering intermediate and higher level skills as well as workforce development for SMEs and projects to improve the quality and relevance of labour market intelligence.

Coast European Agricultural Fund for Rural Development (EAFRD)

9. A Call has been issued for projects to improve the rural tourism offer in the Coast to Capital region. Grants are available from £35,000 to £80,000. The deadline is 30th October 2015.

Technical Assistance

10. We have submitted two Technical Assistance bids to the value of £334,000 for the period until December 2018 which will help to ease the financial pressure on Coast to Capital in funding the ESIF work. Our outline bids have been approved for development to full bid stage. This has to be completed within four months. Technical Assistance has to be matched 50:50.

Coast to Capital Area Shadow ESIF Sub-Committee

11. The Sub-Committee held its fifth meeting on 4th September and considered the current applications under open Calls. In this instance, the only applications to be considered were the LEP's applications for Technical Assistance so the Chair and others involved declared an interest and left the room. The Sub-Committee recommended them for approval.
 12. The Sub-Committee also discussed the process for giving feedback on the Skills Funding Agency's national application for funding (known as a Funding Agreement). This is its application to the Managing Authority (DWP) for funding to use as match for future projects under the opt-in arrangement in Coast to Capital. This had caused some difficulty since the Managing Authority had originally asked the Sub-Committee to approve the SFA's Funding Agreement by written procedure with insufficient explanation and a very short deadline. The Sub-Committee agreed that this was not a problem with content (since the text had been drafted by Coast to Capital) but that the process had been unsatisfactory. The Sub-Committee therefore authorised John Peel to use delegated authority to approve it which he has since done.
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Next Steps

13. We are required to produce an updated version of the ESIF Strategy by the end of October with an interim deadline to revise the financial projections by the 23rd September.

 14. The ESIF Strategy supports the Strategic Economic Plan and the revisions will involve:
 - a. Recasting the aims and activities in the Strategy under European Priority Axes instead of under Thematic Objectives as was required in the first version¹.
 - b. Including output targets to be issued by Government now that the negotiations with the European Commission have been concluded.
 - c. Revising the financial projections to reflect exchange rate changes since the original allocation was issued in 2014.
 - d. Approval by the Coast to Capital Area Shadow ESIF Sub-Committee.
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¹ In the case of ERDF, this will not cause too much difficulty as the Priority Axes are broadly the same as the previous Thematic Objectives but in the case of ESF there are now only two Priority Axes, *Priority Axis 1: Inclusive labour markets* and *Priority Axis 2: Skills for Growth* instead of the four Thematic Objectives in the previous strategic guidance. There are also new Investment Priorities under each Priority Axis which do not correspond to the previous framework.