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Date: 2 January 2014

Dear Member

SELECT COMMITTEE - KENT'S EUROPEAN RELATIONS - TUESDAY, 7 JANUARY 2014

I am now able to enclose, for consideration at next Tuesday, 7 January 2014 meeting of the Select Committee - Kent's European Relations, the following report(s) that were unavailable when the agenda was printed.

Agenda No	Item
3	Future EU funding opportunities 2014-20 in support of KCC and Kent priorities. (Pages 3 - 18)

Yours sincerely

A handwritten signature in black ink, appearing to read 'Peter Sass', is written over a light blue horizontal line.

Peter Sass
Head of Democratic Services

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Subject: Future EU funding opportunities 2014-20 in support of KCC and Kent priorities.

Summary:

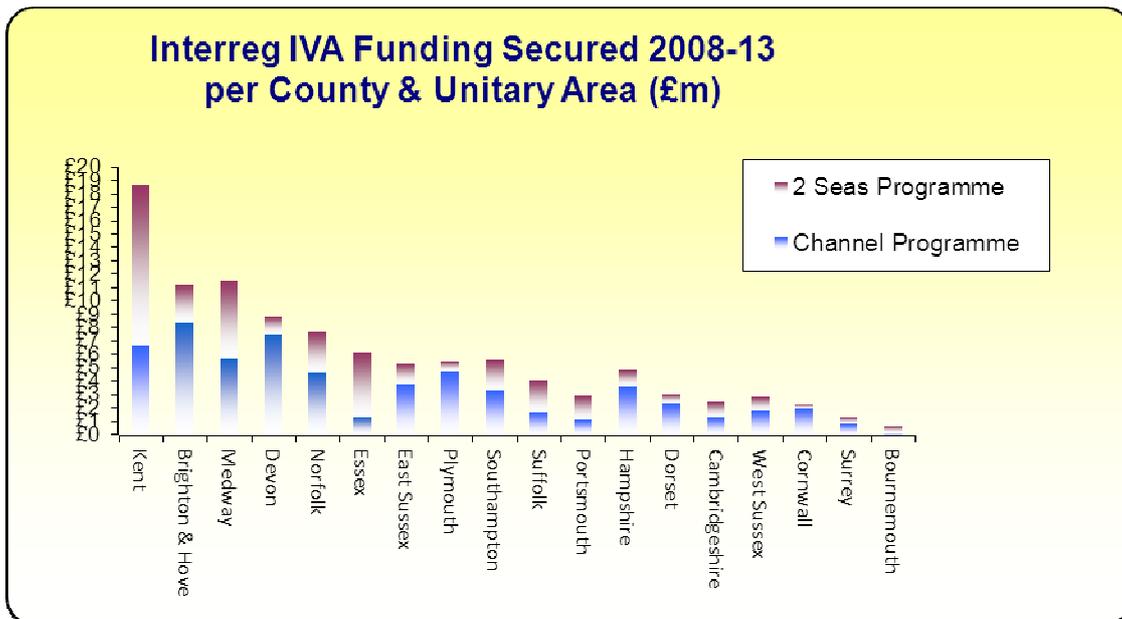
This paper provides a matrix (at Annex 1) of future EU funding streams with the potential to support KCC and Kent priorities in the new programming period 2014-20. They include the future 'Interreg' cross-border, transnational and interregional cooperation programmes; the South East LEP EU Structural & Investment Fund (SIF) programme as well as a range of other EU-wide 'thematic' programmes.

1. Introduction

Kent County Council, through its International Affairs Group (IAG) is one of the leading authorities in the UK at using its reputation, influence, networks and partnerships to maximise its access to EU Structural Funds to help support the achievement of KCC's business priorities and those of Kent organisations.

We are now coming towards the end of the current programming period 2007-13, during which the county has secured some £30 million in EU grants in support of around 70 projects. These have covered a wide range of areas including economic development, support to business and trade, education and training, improving public services, tourism and environmental protection. For example, the Interreg '2-Seas Trade' (2ST) project (supported by a grant of €418,000 to Kent) is helping address the low level of small business in Kent which undertake export and trade activities. The Interreg programme is also helping to fund four major projects aimed at boosting Kent's tourism industry including 'Greet the World' (€1 million in ERDF grant to Kent) and 'CAST' (€730,000 to Kent).

Kent has secured the greatest amount of funding from the two cross-border cooperation programmes, Interreg IVA '2-Seas' and Interreg IVA 'Channel', compared to the other eligible English county or unitary areas (see below).



In addition to Interreg, Kent has also secured funding under the South East ERDF Competitiveness Programme 2007-13, including the 'Low Carbon Futures' project (£373LK in ERDF grant for Kent) aimed at helping local authorities to deliver carbon reductions. Other small local projects supporting rural businesses and communities have been funded by the EU's 'LEADER' programme for rural development, whilst the European Social Fund (ESF) has allocated some £10 million for employment and training measures in the county. This included £700K specifically secured from the Skills Funding Agency (SFA) in support of redundant Pfizer workers in Sandwich.

2. The new Structural Funds programmes 2014-20

Kent will again be eligible for several 'territorial,' or geographically defined, EU Structural Funds programmes in 2014-20. These are principally the two Interreg cross-border cooperation programmes outlined above (which have provided the greatest source of our EU funding to date) as well as the less-accessed Interreg IVB North West Europe (NWE) and Interreg IVB North Sea Region (NSR) 'transnational cooperation' programmes. The county is also eligible to participate in the EU-wide Interreg 'interregional cooperation' programme (aimed at improving the overall effectiveness of EU regional policy) as well as the new South East LEP EU Structural & Investment Fund (SIF) programme which is the successor to the South East ERDF Competitiveness programme. In addition, the EU finances a range of 'thematic' programmes to which the whole of the EU is eligible, for example the new programme for research and innovation, 'Horizon 2020, or the 'COSME' programme for the competitiveness of enterprises and SMEs. The matrix at [Annex 1](#) of this paper provides an overall summary of the opportunities for the county in 2014 - 20. Further details of these programmes and geographies are provided below.

3. Territorial programmes.

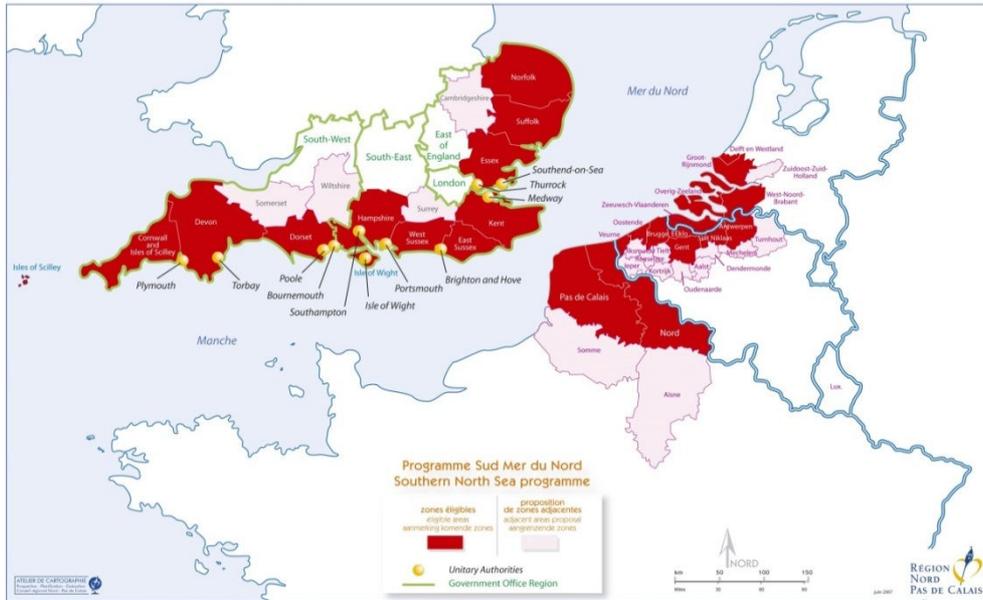
Cross-Border Cooperation (Interreg VA)

Interreg '2 Seas' programme

Cross-border cooperation aims to tackle common challenges and opportunities identified jointly in the border regions (such as poor accessibility, environmental degradation or the development of cross-border research and innovation or cooperation among universities or health centres). The core geographical area for the new Interreg VA '2-Seas' programme in 2014-20 will remain the same as in the current period (see below) although the eligible area will include both the current eligible and *adjacent* territories from the period 2007-13. Although the programme's financial allocation has still to be confirmed, current indications are that this will be at least at the same level as currently, i.e. around **£150 million**. The Managing Authority for the programme will again be the Regional Council of Nord-Pas de Calais based in Lille, and with whom KCC has been a key partner since 1987. KCC is a member of the 4-Member State Programme Preparation Group (PPG) which is developing the strategy, priorities, objectives and outputs for the new '2-Seas' programme.

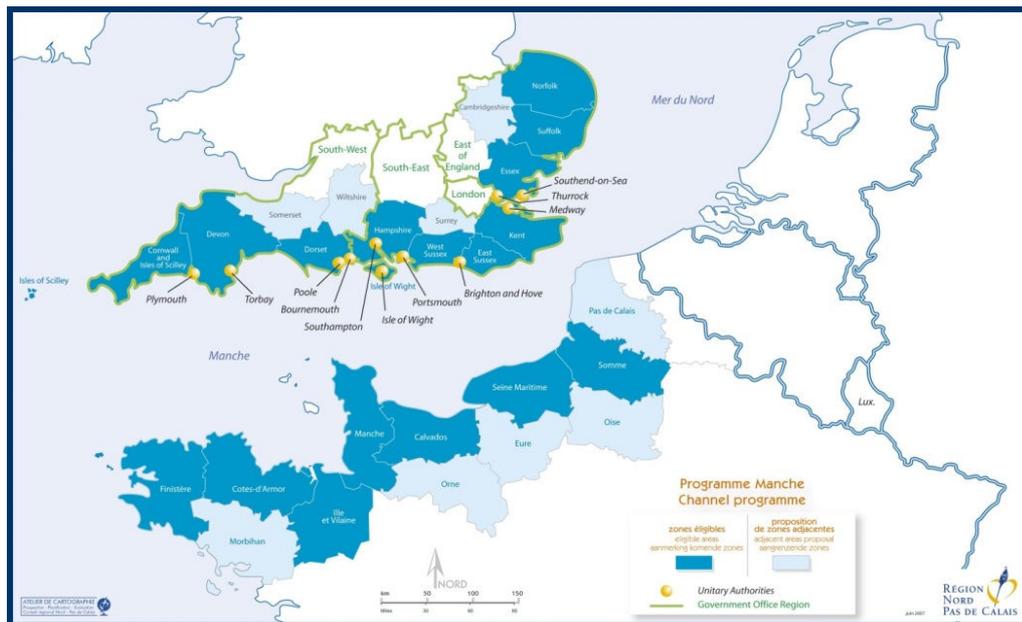
Programmes de coopération transfrontalière maritime 2007 - 2013

Maritime cross-border cooperation programmes 2007 - 2013 / Grensoverschrijdende maritieme samenwerkingsprogramma's 2007 - 2013



Interreg 'Channel' programme

In 2014-20, Norfolk County Council, will be the first English partner to be the Managing Authority for an Interreg cross-border cooperation programme. It will take over the role of M.A. for the Channel programme from the present incumbent, the Regional Council of Upper Normandy based in Rouen. As with the 2-Seas programme, the geography of the programme will remain as before, with previously 'adjacent' areas becoming fully eligible to the programme. The programme is also expected to be worth around **£150 million**.



Transnational Cooperation (Interreg VB)

Compared to the cross-border strand of Interreg, transnational programmes cover a much wider geographical area and address EU-wide challenges and opportunities (for example, improved energy performance through international cooperation on the implementation of energy strategies or enhancing innovation capacity). Kent will again be eligible for the two new **North West Europe (NWE)** and **North Sea Region (NSR)** Interreg VB transnational cooperation programmes in 2014-20.

Interreg VB North West Europe (NWE)

The cooperation area of the new NWE programme will comprise Belgium, Ireland, Luxembourg, Switzerland and parts of Germany, parts of France, the Netherlands and Great Britain. Under the current programme, KCC has been a partner in the NWE 'RoCK' (Regions of Connected Knowledge) transport project which has included the development with Nord-Pas de Calais of a business case for more Eurostar stops in Kent and plans for re-signalling at Ashford to allow international accessibility. The budget for the new NWE programme is likely to be about **€350 million** in 2014-20.



Interreg VB North Sea Region (NSR)

The North Sea Region programme will cover Norway, Denmark and parts of Belgium, Germany, the Netherlands, Sweden and Great Britain. In 2007-13, Kent has been a partner in just two NSR projects: ‘GSA’ (Green Sustainable Airports) which concerned improvements to region airports including Manston, and ‘iTransfer’ which helped fund the ferry service linking Gravesend and Tilbury. Following a visit to KCC by a delegation from the Province of West Flanders on 21-22 November 2013, the intention will be to explore the scope for more joint projects between the two authorities under the NSR programme in particular. The budget for the new NSR programme is expected to be some **€150 million** in 2014-20.



Interregional Cooperation (Interreg VC)

Interregional cooperation aims to reinforce the effectiveness of EU cohesion policy by encouraging exchange of experience between regions. In 2007-13 KCC participated in several projects funded by the interregional strand of Interreg. They include 'CASA' (Consortium for Assistive Solutions Adoption) on telehealth; 'ENGAGE' (high speed broadband in rural areas) and 'NOSTRA' (Network of European Straits) which addressed the opportunities and threats to regions with maritime straits. The new Interreg VC programme will encompass the whole of the EU and is likely to have total funding of about **€300 million**.

European Structural and Investment Funds

South East LEP EU Structural and Investment Fund (SIF) programme.

In July 2013, the government announced how it would be allocating a total of **€6.2 billion** from the European Regional Development Fund (ERDF) and the European Social Fund (ESF) between Local Enterprise Partnerships in England. The South East SELEP area (see below) will receive a total of **€185.9 million** (£165 million) in 2014-20. The funding will be split equally between ERDF and ESF priorities, i.e. £82.5 million from each Fund.



This represents a good outcome particularly compared, for example, to the equivalent current South East ERDF Competitiveness Programme (worth £20 million in 2007-13) and reflects the arguments KCC presented to government for a more equitable distribution of funding than in the current period.

The development of the strategy takes account both of government guidance, aimed at supporting economic development, growth and jobs, as well as EU Regulations which specify a minimum level of spend on certain thematic priorities in order to maximise their impact. This includes allocating at least 20% of total ERDF to be allocated to priorities for 'Low Carbon' and 20% of ESF for 'Social Inclusion' (the main role of the ERDF is to finance productive investment, economic development and infrastructure, including support for innovation, SMEs, the environment and access to transport and telecommunications. The ESF is focused on improving employment, including through investing in education, skills and lifelong learning as well as reinforcing social inclusion and combating discrimination). They also derive in particular from the three key themes of the Kent & Medway Growth Plan : 'Unlocking the Potential – Going for Growth' which is currently under preparation (Places for Growth, Business for Growth and Skills for Growth).

Proposed SELEP allocation of EU Funds by Priority and Fund

Priorities:

•	technological development and innovation	Strengthening research, £28,875,000 (35%)
•	competitiveness of small and medium enterprises (inc. access and use of ICT)	Enhancing the £37,125,000 (45%)
•	towards a low carbon economy in all sectors	Supporting the shift £16,500,000 (20%)
Total ERDF		£82,500,000

Priorities:

•	employment and supporting labour mobility	Promoting £41,250,000 (50%)
•	inclusion and combating poverty	Promoting Social £16,500,000 (20%)
•	skills and lifelong learning	Investing in education, £24,750,000 (30%)
Total ESF		£82,500,000

Consideration is also being given to the potential role of **Financial Instruments** in delivering some of the programmes' activities as well as **Community Led Local Development** (CLLD) which uses European funding to focus on small local community projects delivered through Local Action Groups. This would be similar to the approach of the 'LEADER' rural development programmes successfully implemented in Kent, but open to non-rural as well as rural areas. Up to 5% (£8 million) can potentially be allocated to CLLD which can be particularly valuable in providing localised input. All projects accessing European funding under the Strategy will also require 50% 'match funding' which must be cash or actual costs incurred, such as staff time. In this regard, KCC is also currently considering whether to make use of the government's '**Opt-in model**'¹ whereby national organisations, such as UKTI or the Skills Funding Agency, are allocated part of the LEP's EU allocation in return for the provision of services. Particularly as European funding would be allocated to these organisations' existing programmes, KCC will require assurances that the nature of the service and requirements being offered reflect Kent's priorities rather than, for example, having to conform to a national template.

¹ European Structural and Investment Funds Strategies, Opt-in Prospectuses – HM Government, July 2013.

SELEP is currently progressing the adoption of a '**federated model**' involving substantial devolution to the areas of Kent and Medway, Essex and East Sussex, within which strategy and delivery are effectively managed at local level. If SELEP's European funding were devolved Kent and Medway might expect **£80.7 million** on a pro-rata basis.

4. Thematic Programmes

Apart from the better known 'territorial' programmes outlined above, EU policies are also implemented through a wide range of other 'thematic' programmes and funds which might also offer opportunities for supporting KCC and Kent priorities. KCC successes include, for example, two projects under the 2007-13 Intelligent Energy Europe programme (to be encompassed under the 'Horizon 2020' programme in 2014-20) together worth around £500K. However, there has generally been much less take-up of these programmes for a number of reasons. These include a lack of awareness of the wider opportunities available, resource constraints, particularly in terms of bid development, the need to establish new partnerships and the sometimes onerous specific eligibility and administrative requirements which are often different for each programme. Conversely, there is usually greater certainty of securing funding from programmes such as Interreg in which Kent is already an established eligible partner and is able to call on existing European partnerships.

Nonetheless, as indicated at **Annex 1**, and subject to capacity and commitment, there are a number of relevant thematic programmes in 2014-20 with significant funding allocations which might contribute to the achievement of our strategic objectives. These include, for example, the 'COSME' programme worth €2.4 billion across the EU in support of the competitiveness, growth and sustainability of EU enterprises, or 'Erasmus+' aimed at boosting skills and employability which might support KCC's Learning, Skills and Employment Strategy. The 'Connecting Europe Facility' covering trans-European networks in the field of energy, telecommunications and transport, might be explored in relation to funding (say, £2 million) re-signalling work needed to allow existing and future international trains to call at Ashford.

5. Conclusions

As indicated above, the EU funding regime after 2013 is potentially rather positive for Kent with the county remaining eligible for five programmes under the different strands of Interreg which has been the authority's primary EU funding vehicle. Together with funding from the South East LEP EU Structural and Investment Fund (SIF), KCC and Kent organisations should realistically be aiming to secure at least **£100 million** from the EU's 'territorial programmes' in 2014-20. A strengthened focus on the EU's other 'thematic'

programmes, in which Kent's Brussels Office could have an important role in the new programming period, could potentially see this target exceeded. Particularly at a time of heavy pressure on public funding (and consequently increased competition from others for EU funding) much will depend on the prioritisation and commitment of human and financial resources (including meeting match-funding requirements) to this activity if the county's share of future EU funding is to be maximised.

For its part, the International Affairs Group will:

- Maintain its oversight and input to the development and implementation of the 2014-20 EU funding regime;
- Influence the shape of the new programmes to reflect KCC and our other partners' priorities, including through participation in the Interreg Programme Preparation Groups (PPGs) and SELEP EU Working Group;
- Undertake lobbying and policy influencing, including with the government and European Commission, in support of our EU funding and other policy objectives;
- Maintain and strengthen our links to key European and local partners (inc. Nord-Pas de Calais, West Flanders, Zeeland and SELEP) as a prerequisite for the development of future joint projects;
- Work with Directorates to identify potential EU funding opportunities in support of their business priorities;
- Undertake targeted initiatives to maximise take-up from key programmes;
- Seek KCC representation on future decision-making committees (PSC and PMC);
- Promote full use of the Kent Brussels Office as a hub for project development and the identification of opportunities, particularly within the EU's thematic programmes.

Ron Moys

International Affairs Group

19 December 2013

I. Territorial Programmes

Programme	Total amount of Funding (€m)	Priorities	Key KCC Strategies
Interreg VA '2 Seas' Cross-Border Co-operation	€150	Innovation Low Carbon Climate Change Resource Efficiency	'Unlocking the Potential' 'Innovation for Growth – Kent's approach to Smart Specialisation' Kent's Environment Strategy
Interreg VA 'Channel' Cross-Border Cooperation	€150	Innovation Low Carbon Environment and Resource Efficiency	'Unlocking the Potential' 'Innovation for Growth – Kent's approach to Smart Specialisation' Kent's Environment Strategy
Interreg VB North West Europe (NWE) Transnational Cooperation	€350	Innovation Low Carbon Resource and Materials Efficiency	'Unlocking the Potential' Innovation for Growth – Kent's approach to Smart Specialisation' Kent Environment Strategy
Interreg VB North Sea Region (NSR) Transnational Cooperation	€150	Innovation Environment Transport	'Innovation for Growth – Kent's approach to Smart Specialisation' Kent's Environment Strategy 'Growth without Gridlock'
Interreg VC Interregional Cooperation	€300	Innovation SME Competitiveness Low Carbon Environment and Resource Efficiency	Unlocking the Potential' Innovation for Growth – Kent's approach to Smart Specialisation' Kent's Environment Strategy

South East LEP EU Structural and Investment Fund (SIF)	€185	Innovation SME Competitiveness Low Carbon Employment Education and Skills Social Inclusion	'Unlocking the Potential' Innovation for Growth – Kent's approach to Smart Specialisation' 'Learning Employment and Skills Strategy'
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II. Thematic Programmes

Competitiveness of Enterprises and SMEs (COSME)	€2,290	Promoting Entrepreneurship Access to Finance Access to New Markets Reducing Administrative Burdens	'Bold Steps for Business and the Economy'
Environment and Climate Action (Life+)	€3,450	Implementing EU environment and climate policy Low Carbon Economy Reversing biodiversity loss	Environment Strategy
Creative Europe Programme	€1,460	Supporting the cultural and creative sector Increase sector's contribution to jobs and growth	'Unlocking the Potential'
Erasmus +	€14,770	Boost skills and employability Increase quality and relevance of Europe's education system	'Learning, Employment and Skills Strategy'
Social Change and Innovation	€919,470	Supporting employment and social policies across the EU	'Bold Steps to Tackle Disadvantage'
Health for Growth	€450	Health Innovation Sustainability of health systems Responding to cross-border health threats	'Bold Steps for Health'

Connecting Europe Facility	€21,930	European networks in the field of energy, telecommunications and transport Building missing cross-border links Removing bottlenecks along main trans-European transport corridors	'Growth without Gridlock' 'Unlocking the Potential'
Horizon 2020	€79,400	Research and Innovation Address major societal Challenges Bridge the gap between research and the market International Cooperation	'Innovation for Growth – Kent's approach to Smart Specialisation'

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