

Kent and Medway Economic Partnership

KENT AND MEDWAY ECONOMIC PARTNERSHIP BOARD

8 September 2014

ITEM 5

Subject: European Structural and Investment Funds: Update

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Summary

This paper provides a brief update on progress in taking forward the European Structural and Investment Funds strategy in advance of initial calls for projects in early 2015. Lorraine George, the lead for the South East LEP on the development of the new programme, will attend the Board to cover this item.

1. Introduction

- 1.1. Allocations of funding for the new European Structural and Investment Funds programme were announced last year. The South East LEP has been allocated £179.5 million over seven years from 2014. The table below breaks this down and also provides an indication of the rough amount that might be available to projects in Kent and Medway (although it should be noted that there is no designated Kent and Medway allocation):

	SE LEP (total)	Kent and Medway	
		Approx. total	Approx. annual
ERDF (innovation, growth)	82.5	35.9	5.1
ESF (skills, employment)	82.5	35.9	5.1
EAFRD (rural growth)	14.5	6.3	0.9
Total	179.5	78.1	11.1

- 1.2. The programme will be managed nationally. DCLG, DWP and DEFRA will act as the Managing Authorities for the ERDF, ESF and EAFRD programmes respectively and will carry out calls for projects, project appraisals and monitoring. The Local Growth Delivery Team within central Government will also act as the secretariat for the South East sub-committee of the National Growth Board, which will consider applications, and there is likely to be a very strong emphasis placed at project level on the need to demonstrate compatibility with and added value to national Government programmes. However, there is still significant opportunity to influence calls for projects and the priorities within the 'opt-in' (cofinancing) arrangements –

and it is important to start developing proposals to come forward in early 2015 when the funds are open to applications.

- 1.3. As part of this, the LEP has been asked by Government to prepare a **Local Implementation Plan** for completion this autumn. This will be sequential to the Structural and Investment Funds Strategy adopted earlier this year, although its development will be an iterative process. The Government has provided a template for the development of the LIP and it is intended that a first draft will be considered by the LEP Board on 26 September.

2. European Regional Development Fund (ERDF)

- 2.1. ERDF funding is primarily revenue to support innovation and growth, SME competitiveness and the development of a low carbon economy.
- 2.2. Following the paper on potential priorities for ERDF discussed at the Board on 30 June, work is underway to prepare an **Innovation and Growth Strategy Statement** to inform the LEP's Local Implementation Plan. This will review publicly-funded business support across Kent and Medway, identify gaps and duplication and highlight potential projects which could be supported through ERDF. The Strategy Statement will also consider the link with the LGF Growth Hub funding and set out priorities for the 'opt-in' cofinancing arrangements with UKTI, Growth Accelerator and the Manufacturing Advisory Service. Given Government's emphasis on compatibility with national programmes, the Strategy Statement will focus on where local provision will help to drive demand for national schemes or meet specific local needs and opportunities.
- 2.3. Consultation with local authorities and business support agencies is currently underway and a consultation workshop with local authorities, businesses and other key partners is scheduled for 15 September. It is intended that a first draft Strategy Statement will be considered by KMEP on 7 October.

3. European Social Fund (ESF)

- 3.1. The majority of the ESF allocation will be cofinanced by the Skills Funding Agency, Department for Work and Pensions and the Big Lottery Fund, with the latter focused on providing support to the community and voluntary sector to respond to social inclusion and access to employment issues. Discussions are underway with the national opt-in agencies and a consultation event for the voluntary sector was held in Kent in conjunction with Big Lottery in July.
- 3.2. It should be noted that the SFA, DWP and Big Lottery Fund are likely to seek a limited number of contracts, and the allocation of funding will be through an open competitive tendering process (which will of course be open to providers from outside the LEP area), and it is likely that most calls for projects will be made at LEP-wide level. Setting the commissioning framework will therefore be more important than developing specific, individual projects. With this in mind, it may be important for a strong ESF commissioning group to exist at LEP level, and for this to have strong representation from Kent and Medway so that there is a clear mandate from local partners in setting commissioning guidance. It is anticipated that a

paper on this will be considered at the Kent and Medway Education Learning and Skills Partnership Board later in September, for further discussion at the October KMEP Board.

4. European Agricultural Fund for Rural Development (EAFRD)

- 4.1. The original Structural and Investment Funds Strategy contained fairly limited information on the potential priorities for the European Agricultural Fund for Rural Development, although it could be a source of funding for additional superfast broadband as well as the business grant based activity the fund has conventionally been used for. There is also likely to be a need to demonstrate synergy between priorities for EAFRD and those for the new locally-based LEADER programmes in 2014-20.

5. Community-led Local Development (CLLD)

- 5.1. There is some funding identified for community-led local development, focused on disadvantaged areas. A number of areas in Kent and Medway expressed interest in CLLD when the opportunity was first raised last year, although the only potential programme currently being considered appears to be in coastal East Kent, focused on Dover, Folkestone and Ramsgate.

6. Governance

- 6.1. The national Growth Programme Board will act as the Programme Monitoring Committee (PMC) for the European Structural and Investment Fund programmes in England. However, a local sub-committee of the Growth Programme Board will be established in each LEP to maintain oversight of local investments and delivery. This will include approving the Local Implementation Plan and considering prospective project applications in line with the national programme and calls for projects.
- 6.2. Membership of the sub-group will include the LEP; however, it must also include a broader range of stakeholders with an equal voice, including from the voluntary and community sector. In advance of the establishment of the sub-committee, a 'Sounding Board' has been established for the LEP to consider the local implications of the new arrangements. Geoff Miles and Paul Watkins both represent Kent and Medway on the Sounding Board, which met for the first time on 29 August.

7. Recommendations

- 7.1. The Board is recommended to note this report.

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