

From: Mark Dance, Cabinet Member for Economic Development
Barbara Cooper, Corporate Director, Growth, Environment and Transport

To: Growth, Economic Development and Communities Cabinet Committee - 3 March 2016

Subject: European Funding Update

Classification: Unrestricted

Past Pathway of Paper: N/A

Electoral Divisions: All Divisions

Summary:

This paper reports on outcomes from the opening calls for EU-funded projects in support of economic development, growth and jobs, particularly under the South East LEP 'ESIF' programme.

Recommendation:

The Growth Economic Development and Communities Cabinet Committee is asked to NOTE this report.

1. Introduction

1.1. This paper provides the latest position with attracting external investment to the county in support of economic development, growth and jobs. It illustrates the potential of EU-funded projects to help boost Kent's business, trade and inward investment, support the county's transition to a low carbon economy, create employment opportunities, invest in rail and ports infrastructure and develop our rural economy.

1.2. KCC has an overall target of securing £100 million in EU funding across Kent¹ from the new EU programmes 2014-20. Delays in Whitehall in approving programmes have however meant that the opening Calls for Projects were only launched in March and April 2015, but the first results are now starting to come through.

2. SELEP 'ESIF' programme

2.1. Some €202 million was allocated to the South East LEP under the European Structural and Investment (ESIF) programme. The programme is financed by three European Funds with different remits as follows:

¹ Maximising the Benefits from Kent's European Relations' – KCC Select Committee Report, February 2014 p.23

- **European Regional Development Fund (ERDF)** to support innovation, competitiveness and the development of a low carbon economy.
- **European Social Fund (ESF)** enabling employability, skills support and social inclusion projects.
- **European Agricultural Fund for Rural Development (EAFRD)** to support rural businesses.

2.2. **ERDF** funding is allocated to projects through an open bidding process, with proposals sought in response to specific project calls. All projects must be able to provide at least 50% match-funding. The Department for Communities and Local Government (DCLG) is responsible for issuing calls and approving projects, although the ESIF sub-committee established at LEP level advises on projects' local strategic fit. KCC is represented on the sub-committee by the Cabinet member for Economic Development.

2.3. The first two calls for projects have now taken place and KCC has now been notified that, subject to certain conditions, the following two projects have been endorsed by the ESIF sub-committee and are expected to proceed shortly to the contracting stage:

- The '**Inward Investment Kent**' project (£1.8 million) aimed at retaining and attracting investment into the Science sector;
- The '**LOCASE**' (£2.5 million) project which will help businesses to shift to a low carbon economy

2.4. Two further Kent projects are also due to be considered for approval by the ESIF sub-committee in March 2016:

- The '**South East Business Boost**' (SEBB) project (£1 million) where KCC will provide direct 1:1 and one-to-many advice to start-up and early stage businesses and firms seeking to grow through process and product innovation;
- The '**Innovate to Succeed**' ('I2S') project (£500,000) led by the University of Greenwich aimed at enhancing SME innovation capacity.

2.5. **ESF** funding also requires 50% match-funding but in the South East this European money is primarily matched, or 'co-financed,' by the Department for Work and Pensions (DWP), the Skills Funding Agency (SFA) or the Big Lottery Fund (BLF) depending on the type of project. KCC is, for example, currently awaiting decisions on four major project applications aimed at supporting employment in the county. These were submitted in November 2015 to the 'Building Better Opportunities' programme which brings together funding from the BLF and the European Social Fund. Under the **EAFRD**, eight of a total of ten successful stage 1 bids by micro and small rural businesses to the SELEP ESIF programme came from Kent organisations. This positive result reflects the success of Kent's 'LEADER' rural

development programmes (see below) in building a strong pipeline of projects and promoting the opportunities available.

3. Other European funding opportunities

3.1. A range of projects, within a strong KCC project pipeline (See **Annex 1**) are at various stages in the approval process under the other EU programmes for which the county is eligible. The first two KCC Interreg bids under its 'Europe' (pan-EU) programme have now been approved at the February meeting of the Programme Monitoring Committee which approved 64 projects out of the 261 applications submitted in July 2015 :

- The '**SME Internationalisation Exchange**' (SIE) project (£195,000) aimed at facilitating trade links for Kent firms;
- The '**PASSAGE**' (£213,000) project for reducing carbon in maritime regions.

3.2. Other projects currently being assessed include, for example, the Interreg '2-Seas' 'ISE' (Innovative Sector Exchange) project (£296,000) to help Kent companies innovate and export or 'Boost4Health' (£197,000) under the Interreg North West Europe programme focused on Kent's new life science cluster. In addition to the EAFRD funding available under the 'ESIF' programme, three new Kent 'LEADER' programmes to support rural development are also now approved and open for bidding: Kent Downs & Marshes (£1.886 million); West Kent (£1.813 million) and East Kent (£1.586 million).

4. Conclusion

4.1. Based on projects already approved (including infrastructure investments at Dover funded from the EU's 'Connecting Europe Facility') and others in the course of being evaluated, over £45 million in EU funding is likely to have been secured by the county by the end of the first quarter of 2016 in support of our priorities.

4.2. It is also clear from the first calls that higher standards of quality are being demanded of projects compared to previous programmes, particularly in relation to delivering measurable innovation, growth and jobs. With further calls for projects to be announced this year (the next 'ESIF' call is expected in mid-April 2016) and subsequently to 2020, KCC Directorates are being supported to build strengthened monitoring and evaluation into the design of projects. This will help demonstrate to programme authorities that a robust evaluation of project outcomes has been undertaken, that projects are based on solid evidence of need and will in due course be able to prove whether or not they achieved the forecast outputs and outcomes.

Contact details:

Report Author:

Ron Moys, Head of International Affairs

Tel: 03000 417141 e-mail: ron.moys@kent.gov.uk

Relevant Director:
David Smith, Director of Economic Development
Tel: 03000 417176 e-mail: David.Smith2@kent.gov.uk

Project	Organisation/Contact	Grant sought for KCC/Kent	Project Summary	Current Status
Interreg 5A 2 Seas Programme				
ISE (Innovative Sector Exchange)	Kent County Council – Steve Samson	£296,000	A business support project to help Kent companies innovate and internationalise by connecting them to SMEs in nearby European partner regions to promote collaborations and innovation	Referred Back for operational reasons – reworked Full Application to be submitted by 4 January 2016 (Amber)
FUSION 2	Kent County Council – Adam Morris	£600,000	Accelerating the transition to a circular and low carbon economy through support to SMEs	Rejected at PMC meeting on 3-4 November 2015 (Red)
2-Seas CRCL (Climate Resilient Coastal Landscape)	Kent County Council – Sarah Anderson	£588,000	To increase the resilience to climate change of landscapes in Kent with a focus on areas where ecosystem services are particularly vulnerable to environmental change	Rejected at PMC meeting on 3-4 November 2015
DWELL (Diabetes and WELLbeing)	International Health Alliance – Alice Chapman-Hatchett	£525,000	To encourage people with poorly controlled diabetes to make sustainable changes to health and wellbeing related behaviour.	Referred Back for strategic reasons - reworked Full Application to be submitted by 9 May 2016
PROFIT (Profitability Raise of SMEs through Innovations in Tourism)	Visit Kent	£240,000	To support Kent-based tourism SMEs to innovate and adapt traditional business models to encourage long-term growth.	Referred back for strategic reasons – reworked Full Application to be submitted by 9 May 2016.
Sensup (Social innovation in the local food & healthcare sector : short supply chain strategy for institutional kitchens)	Produced in Kent – Ed Martin	£210,000	Focused on the potential for supply, distribution and greater use of local foods in the healthcare sector.	Rejected at PMC meeting on 3-4 November 2015.
EDUCAT	University of Kent	£1,505,000	Empowering disabled people through assisted technology.	Referred Back for strategic reasons - reworked Full Application to be submitted by 9 May 2016
CLEANTECH 2	University of Kent	£607,000	Decreasing emissions from industry, road and maritime transport	Rejected at PMC meeting on 3-4 November 2015.
INCASE	University of Kent/University of Greenwich	£1,769,000	Facilitate smart growth through the development of automation technologies.	Referred Back for operational reasons – reworked Full Application to be submitted by 4 January 2016 (Amber)

SEANERGY	Thanet DC/Port of Ramsgate	£2,450,000	To strengthen capacity of port clusters, promote inter-port cooperation platform and share online training resources.	Rejected at PMC meeting on 3-4 November 2015
EPICE	Thanet DC/ Port of Ramsgate	£3,500,000	Transform port operations towards the circular economy	Rejected at PMC meeting on 3-4 November 2015.
Assisted Apprenticeships	Kent County Council – Mark Perrin		Support for employers and training providers to help individuals gain a qualification as well as 12 months' employment	Planned submission to Second Call for Concept Notes deadline of 4 January 2016
Sector Guilds	Kent County Council - David Knox		A project to provide strategic advice and an informed perspective through sector guilds aimed at identifying the need for skills succession and all forms of progressive employment, including apprenticeships, traineeships and work experience	Planned submission to Second Call for Concept Notes deadline of 4 January 2016
Choices Employability Programme	Kent County Council – Karen Laponder/Daniel Ratcliff		To support young people who find themselves unable to enter the workplace, either due to lack of opportunity, lack of English or Maths qualifications or lack of employability skills.	Planned submission to Second Call for Concept Notes deadline of 4 January 2016
Triple C	Kent County Council – Matthew Morris		Climate resilient community-based catchment planning and management – will support natural flood management measures in the Upper Darent.	Planned submission to Second Call for Concept Notes deadline of 4 January 2016
AGREE (Alternative financing for Retrofit and Energy Efficiency)	Kent County Council – Carolyn McKenzie	£240,000	A financing scheme for domestic energy efficiency measures	Previously rejected project being redeveloped for potential submission to Second Call for Concept Notes deadline of 4 January 2016
A-SHORE (Adapting to Support Holistic Resilience)	Kent County Council – Christine Wissink	£360,000	To support Kent Community resilience to climate change linked to key KCC services (social care etc.)	Previously rejected project being redeveloped for potential submission to Second Call for Concept Notes deadline of 4 January 2016
Interreg 5A France-England Channel Programme				
CHEFS (Channel Hub for Enhancing Food Specialties)	Produced in Kent – Stephanie Durling	£233,700	A project to increase the contribution of protected food marks to the local economy, add value to the food & drink sector products and help over 200 agri-food SMEs innovate and reach new markets	Phase 2 Full Application to be submitted.(Green)
Student Entrepreneurs	Kent Science Park – Richard Wheeler	£53,600	Increase the creation of enterprises by students, including through youth entrepreneurship.	Phase 2 Full Application to be submitted.

ADAPT	International Health Alliance – Alice Chapman-Hatchett	£1,131,500	Development of innovative assisted technology for people with severe cognitive and physical disabilities.	Phase 2 Full Application to be submitted.
Give Trades	University of Greenwich – Andres Coca-Stefaniak	£173,000	Using traditional markets as a catalyst for job creation, skills development and growth through the visitor economy.	Phase 2 Full Application to be submitted.
Interreg 5B North West Europe (NWE) Programme				
Boost4Health	Kent County Council (with Locate in Kent) – Steve Samson	£197,000	A project to connect Kent's new life science cluster and companies from different European countries and support them in their export journey by providing access to relevant expertise and business contacts through an innovation voucher scheme	Phase 2 Full Application to be submitted by December 2015
Interreg 5B North Sea Region (NSR) Programme				
Inn2Power	Kent County Council – Neil Hilkene	£185,000	To improve innovation capacity and access to the offshore wind industry for SMEs by creating the appropriate support conditions.	Referred back – reworked Full Application to be submitted from 15 January 2016.
FRAMES (Flood Resilient Areas by Multilayer Safety)	Kent County Council - Christine Wissink	£263,000	A project focusing on risk and crisis management and develop new mechanisms to improve local resilience to flooding.	To be resubmitted as a Full Application in March 2016.
BEGIN (Blue Green Infrastructure through social Innovation)	Kent County Council – Will Moreno	£70,000	To identify climate adaptation solutions for flooding in urban areas (Swale) service management approaches, business cases and social innovation approaches.	Referred back – reworked Full Application to be submitted from 15 January 2016.
Interreg 5C (Europe) Programme				
Nine (Networking Innovation in Health & Care)	Kent County Council – Anne Tidmarsh	£175,000	Exchange of experience to improve policies in support of innovation infrastructure (e.g. incubators, technology information centres, research centres) addressing the key societal challenges in the field of health, demographic change and well-being.	Rejected at PMC Feb 2016
Internationalisation of SMEs	Kent County Council – Steve Samson	£195,000	A policy exchange project focusing on the challenges and solutions for SME internationalisation. The project will enable KCC to	Approved

			learn and test new ways of supporting Kent SMEs into export markets and to forge links with other EU regions to help with market entry.	
CONCH (Capitalising on our natural and cultural heritage)	Kent County Council – Chris Drake	£472,000	A policy exchange project focusing on maximising the value of Kent's natural and cultural heritage.	Rejected at PMC Feb 2016
PASSAGE (Public Authorities Supporting Low Carbon Growth)	Kent County Council – Carolyn McKenzie	£213,000	Development of low carbon strategies to prevent pollution in maritime borders.	Approved
South East LEP ESIF Programme (ERDF)				
Growth Hub Business Finance	Kent County Council – Ross Gill	£3,006,000	To help small businesses to achieve their potential for growth through targeted financial assistance, bridging the gap in commercially available finance and enable them to create and adopt innovative products and processes, enter new markets and unlock commercial finance.	Previous I3 (Innovation Investment Initiative) advised to re-submit wider project to Second Call under the Delegated Grants and Loan Fund – rejected at 'Gateway'.
LOCASE (low carbon across the South East)	Kent County Council – Chris Seamark	£2,500,000	A business support project for supporting the shift towards a low carbon economy in all sectors.	Approved subject to conditions
Inward Investment Kent	Kent County Council – David Hughes	£1,840,000	A joint project with Locate in Kent to retain and attract investment into the life science sector, including the development of the emerging Biogateway Kent Life Science Cluster.	Approved subject to conditions
I2S (Innovate to Succeed)	University of Greenwich	£500,000	To provide tailored support to SMEs to help them enhance their innovation management capability including in depth diagnostic assessment and a bespoke package of support.	Full application submitted by 30 September 2015
South East Business Boost (SEBB)	Kent County Council (with Medway) – Ross Gill	£949,000 over 3 years	SEBB will provide direct 1:1 and one to many advice to Start-Up and early stage businesses and firms that are seeking to grow through process and product innovations. It also offers a grant programme focused on innovation	To be considered by ESIF sub-Committee in March 2016
South East LEP ESIF Programme (ESF)				
Employment Support for people with disabilities and long term health issues	Kent County Council – Karen Laponder	£3,574,000 over 3 years	KCC to work with Medway and East Sussex Councils to act as lead organisation with a partnership of locally based organisations to deliver	To be submitted to Phase 1 by 30 November 2015.

			support to this target group	
Employment support for people with mental health issues	Kent County Council – Karen Laponder	£2,260,00 over 3 years	KCC to work with Medway and East Sussex Councils to act as lead organisation with a partnership of locally based organisations to deliver support to this target group	To be submitted to Phase 1 by 30 November 2015
Employment support for lone parents	Kent County Council – Karen Laponder	£830,000 over 3 years	KCC to work with Medway and East Sussex Councils to act as lead organisation with a partnership of locally based organisations to deliver support to this target group	To be submitted to Phase 1 by 30 November 2015
Employment support for people with difficulty sustaining employment	Kent County Council – Karen Laponder	£870,000 over 3 years	KCC to work with Medway and East Sussex Councils to act as lead organisation with a partnership of locally based organisations to deliver support to this target group	To be submitted to Phase 1 by 30 November 2015.
South East LEP ESIF Programme (EAFRD)				
Charrington's Cider	Charrington Fruit Farms – Alex Charrington	£69,600	Installation of a cider press, fermentation tanks and bottling operation.	Full application submitted by 30 September 2015
Biddenden Fruit Handling and Contract Processing	Biddenden Vineyards – Richard Barns	£59,200	Purchase and installation of new fruit handling and pressing machinery.	Full application submitted by 30 September 2015
Bax Farm Smoothies	Bax Farm – Oliver Doubleday	£47,600	Purchase of fruit juice processing equipment to aid start-up venture for apple, pear and cherry juice.	Full application submitted by 30 September 2015
Simpson's Wine Estate Business Growth	Simpson's Wine Estates – Ruth Simpson	£105,000	Conversion of 2 agricultural buildings into a winery.	Full application submitted by 30 September 2015
Berryplants Soft Fruit Breeding & Propagation Facility	Berryplants Ltd – Tony Bentley	£108,300	New facility to integrate a glasshouse and poly tunnel breeding and propagation site.	Full application submitted by 30 September 2015
Strawberry Puree Manufacturing	Fourays Farm Ltd – Phil Acock	£68,600	Purchase and installation of a second hand pasteurising line	Full application submitted by 30 September 2015
Moor Organics Carbonator & Pasteuriser	Moor Organics Ltd – Nicholas Moor	£84,000	Purchase and installation of a carbonator and tunnel pasteuriser processing line.	Full application submitted by 30 September 2015
Gusbourne Estate Winery Expansion	Gusbourne Estate Ltd – Ben Walgate	£107,100	Extension to existing winery and construction of a visitor/retail centre.	Full application submitted by 30 September 2015
Connecting Europe Facility (CEF) Programme				
Ashford Spurs	Kent County Council -	£1,900,000	Re - signalling at Ashford International Station to	Project now to be fully funded

	Dafydd Pugh/Stephen Gasche		allow existing and future international trains to stop at the station	by SELEP – Dft and Network Rail have terminated previous contract negotiations.
BRIDGE (Building the Resilience of International & Dependent Gateways in Europe)	Port of Dover – Richard Christian	£18,900,000	Maritime and civil works – including new quay walls, dredging, land reclamation to create additional freight vehicle capacity.	Contract negotiations underway.
BRIDGE - Motorways of the Sea II	Port of Dover – Richard Christian	£23,450,000	Financing of refrigerated cargo terminal in Dover and relocation of cargo operations to initiate port-centric distribution and utilise empty backloads.	Contract negotiations underway.
ERASMUS + (Education & Training)				
Student Key Pass	Kent County Council – Allan Baillie		To develop a tool for the validation and recognition of all types of learning that students gain in non-formal, informal and formal learning.	Planned for submission to Phase 1 deadline of 30 March 2016.
BOOST (boosting the creativity of teaching)	Kent County Council – Sue Tunnicliffe		To develop a methodology for developing a whole school approach to creative teaching.	Planned for submission to Phase 1 deadline of 30 March 2016.
Radicalisation	Kent County Council – Nick Wilkinson		Project development on the ZAK tools developed in partnership with the University of Kent	Special Call expected in early 2016
Leadership in Schools	Kent County Council – Sue Tunnicliffe		A project to look at different models of leadership and leadership development in different educational structures to encourage more of the profession to develop and move into senior leadership roles in schools.	Planned for submission to Phase 1 deadline of 30 March 2016
ENGAGE!	Kent County Council – Gillie Heath		Comparative research across systems of education in Europe to improve classroom teaching and practice and consider similarities and differences.	Planned for submission to Phase 1 deadline of 30 March 2016
Virtual Classrooms	Kent County Council – Robert Malin		The project will service a core of health needs learners and the wider county where appropriate to raise attainment and outcomes for English, Maths, Science and ICT.	Planned for submission to Phase 1 deadline of 30 March 2016
Guild Platform	Kent County Council –		To create a web-based portal to assist employers in	Planned for submission to

	David Knox		signposting changing employment skills needs in order to meet existing demand and deliver skills pipelines in advance of future requirements.	Phase 1 deadline of 30 March 2016
ECO Early Years	Kent County Council – Steve Rawling		To develop a framework to support early years teaching	Planned for submission to Phase 1 deadline of 30 March 2016
STAR (SecTor Apprenticeship Recruitment)	Kent County Council – David Knox	£280,000	A project that will benefit our SMEs, in recruiting apprentices to a high level. We also wish for disadvantaged learners to have greater access to higher level opportunities being developed through the project	Submitted 15 January 2016 for proposed start date of 01/11/2016

N.B.

Projects with a ‘green’ rating have been approved or recommended to develop full stage 2 applications. ‘Amber’ projects are also mostly being developed into full applications but the Managing Authority has raised significant issues to be addressed, or projects have been recommended to apply to a later Call. ‘Red’ applications have been rejected by the programme authorities, often because they did not meet the new programmes’ increased emphasis on economic growth and job creation.