

TELFORD & WREKIN COUNCIL

CABINET - 17 OCTOBER 2013

DEVELOPMENT OF THE MARCHES LOCAL ENTERPRISE PARTNERSHIP EU INVESTMENT STRATEGY, STRATEGIC ECONOMIC PLAN AND GROWTH DEAL

REPORT OF DIRECTOR: DEVELOPMENT, BUSINESS & CUSTOMER SERVICES

LEAD CABINET MEMBER – CLLR BILL McCLEMENTS

PART A – SUMMARY REPORT

1. SUMMARY OF MAIN PROPOSALS

- 1.1 The 2014-20 EU structural funds programme will operate as a single national operational programme with the majority of funding being allocated to Local Enterprise Partnerships (LEPs). On the 27 June 2013 we were advised by Government that the notional EU funding allocation for the Marches LEP is approximately £98m. LEPs are now required to submit an EU Investment Strategy, setting out how this notional allocation would be spent to both support economic growth and meet EU priorities. In parallel, LEP's are required to develop their multi-year Strategic Economic Plans and Growth Deal proposals in order to secure a share of the Government's new Single Local Growth Fund (SLGF).
- 1.2 This report explains the context of the Government's proposals for both the EU funding programme 2014-20 and for the Single Local Growth Fund, and sets out the processes put in place by the Marches LEP to deliver the required Plan and Strategy and describes the role of Telford & Wrekin Council's Members and Officers.

2. RECOMMENDATIONS

- 2.1 **That Cabinet note the context and process for the completion of the EU Investment Strategy, Strategic Economic Plan and Growth Deal for the Marches LEP;**
- 2.2 **That Cabinet grant delegated authority to the Director: Development, Business and Customer Services, in consultation with the Cabinet Member for Finance & Enterprise to undertake all steps to progress development, agreement and submission of the Marches EU Investment Strategy, the Marches Strategic Economic Plan and the Marches Deal;**
- 2.3 **That Cabinet grant the following delegated authorities;**
a) **to the Director: Development, Business and Customer Services, in consultation with the Leader, to take decisions on behalf of the Council at the Marches LEP Board or its advisory and sub groups,**
b) **In the absence of the Director: Development, Business and Customer Service this delegation is granted to his designated representative in consultation with the Cabinet Member, Finance & Enterprise, except where the decision involves a change in council policy or variation from the approved Council Budget;**
- 2.4 **That any project ideas or proposals aligning with the EU investment priorities set out in section 4.6 are raised with the Team Leader Investment & Funding, by 31 October 2013.**

3. SUMMARY IMPACT ASSESSMENT

COMMUNITY IMPACT	Do these proposals contribute to specific Co-operative Council priorities?	
	Yes	<ul style="list-style-type: none"> • Protect and create jobs as part of a “business supporting, business wining council.” • Improve local people’s prospects through education & skills training • Protect and support our vulnerable children and adults • regenerate those neighbourhoods in need and work to ensure that local people have access to suitable housing • Improve health and wellbeing of our communities and address health inequalitiesput our children and young people first • ensure that neighbourhoods are safe, clean and well maintained
	Will the proposals impact on specific groups of people?	
	Yes	EU funding will have a positive impact across the Borough, helping to reduce unemployment, open access to training, support businesses to grow and address social inequality.
TARGET COMPLETION/ DELIVERY DATE	The EU funding programme will run from 2014-2020 with the anticipated start date for projects being late Summer 2014. The SLGF will come into effect from 2015.	
FINANCIAL/ VALUE FOR MONEY IMPACT	Yes	<p>If successful, projects included within the EU Investment Strategy will require match funding. The EU funding intervention rate it is anticipated to be between 60% and 70%.The availability of match funding will need to be considered against other funding priorities of the Council, although it is hoped that the majority of the match funding required will be forthcoming from private or other public sector bodies.</p> <p>The complexity of the work to prepare the EU Investment Strategy, Economic Plan and Growth Deal and tight deadlines for submission, means there is a requirement for partner local authorities to make internal resources available to prepare the submission. For TWC this support will be provided from within existing budgets and resources. This report also gives a brief outline of the Single Local Growth Fund (SLGF). The SLGF is not a source of additional funding, but will be the route through which a number of existing funding streams will be received from 2015/16.</p> <p>The potential impact of the availability of funding to TWC for transport and highways related schemes from 2015/16 is highlighted in paragraph 4.10. As the deadline for the submission of the LEP SLGF Plan is fast approaching, it is recommended that officers confirm the existing funding that will be displaced into the SLGF and identify the services that are currently funded by the displaced funding in order to inform discussions with our LEP partners and inform the budget strategy for 15/16 and future years. Finance advice and support will be provided as requested.</p> <p>JAC 25/09/13</p>
LEGAL ISSUES	Yes	To undertake its involvement in the LEP the authority relies on its general power of competence (section 1 of the Localism Act 2011). The development of the Investment Strategy, Strategic Plan and Growth Deal referred to in this report is at an early stage however the timetable for delivery is tight and the Authority will need to be in a position to respond quickly. The government has indicated that the administration and liability for some LEP EU project funding will

		<p>be the responsibility of the managing authority departments within central government. However, there will still be a requirement to address the Council's own statutory and governance issues for each LEP project.</p> <p>As the governance structure and areas of work outlined in the report develop, the Cabinet will be updated at the appropriate key points. One particular challenge will be setting up the methods of delivery and governance issues outlined in para 4.12 and 4.14 of this report. Legal support will need to be provided to ensure that these challenges are overcome and do not impact upon the successful, timely delivery against the priorities set out in the report.</p>
OTHER IMPACTS, RISKS & OPPORTUNITIES	No	
IMPACT ON SPECIFIC WARDS	No	Borough wide impact.

PART B – ADDITIONAL INFORMATION

4. INFORMATION

European Structural and Investment Funds

- 4.1 The 2014-2020 EU structural funding programmes, which include the European Regional Development Fund (ERDF), European Social Fund (ESF) and European Agricultural Fund for Rural Development (EAFRD), are to be aligned under a single strategic framework with the aim being to deliver EU 2020 targets. These funds exist to promote smart, sustainable and inclusive growth.
- 4.2 In March 2013, in response to Lord Heseltine's review, the UK Government announced that for the 2014-20 funding period, it intends to create a single national operational programme, the **Structural and Investment Fund Growth Programme (SIF)**. This programme will include 100% of the UK's allocations for ERDF and ESF, and approximately 20% of its EAFRD allocation. This national operational programme will provide all English LEPs with a notional funding allocation for the seven years 2014-2020 comprising all the above funds.
- 4.3 On 27 June 2013, LEP's were notified of their ERDF and ESF notional allocation with the notional allocation for the Marches LEP being approximately £98m (this allocation does not include EAFRD funding). Of this, Telford & Wrekin and Shropshire, as 'Transition' regions, will receive higher allocations than Herefordshire, which is classified by the EU as a 'Competitive' region.
- 4.4 Each LEP is required to agree and submit an **EU Investment Strategy**, setting out how this allocation will be spent to support economic growth, whilst meeting EU priorities. The allocation will have to be apportioned across the EU funding priorities as directed in the EU's Guidance (see 4.6 below). LEP's must submit their EU Investment Strategies in draft form by the 7 October 2013 which has been completed. The draft strategy comprised an evidence based narrative to explain what the LEP is seeking to achieve, why, and how they have selected strategic level activities to deliver objectives. A strategic activity is designed to deliver a strategic outcome and could be, for example: a group of projects; a major project; a group of services; or a large-scale service.

- 4.5 The Government will work with LEP's through its Funds Teams to help them develop and then implement their EU Investment Strategies once they have been approved. Funds Teams include DCLG, Department of Work & Pensions, BIS Local and DEFRA. Government has also made direct capacity grants to the LEPs for technical assistance and consultancy to support the development of their Investment Strategies and associated Growth Plans (see below).

European Structural Investment Fund Priorities and Targets

- 4.6 The following table details EU Priorities along with the targets that EU funding will need to contribute towards. The emboldened priorities will receive a greater proportion of the ERDF and ESF funding. Activities included within the Marches EU investment Strategy will need to directly contribute towards these targets.

EU Priorities & Funding Apportionment	Targets
<ul style="list-style-type: none"> • Strengthening research, technological development & innovation • Enhancing the competitiveness of SME's • Enhancing access to, use and quality of ICT • Supporting the shift towards a low-carbon economy in all sectors • Promoting climate change adaptation, risk prevention and management • Protecting the environment & promoting resource efficiency • Promoting sustainable transport & removing bottlenecks in key network infrastructures • Promoting employment and supporting labour mobility • Promoting social inclusion and combating poverty • Investing in education, skills and lifelong learning by developing education and training infrastructure 	<ul style="list-style-type: none"> • 75% of the 20-64 year-olds to be employed • 3% of the EU's GDP (public and private combined) to be invested in research and development and innovation • Greenhouse gas emissions 20% (or even 30%, if the conditions are right) lower than 1990 • 20% of energy from renewables • 20% increase in energy efficiency • School drop-out rates reduced below 10% with at least 40% of 30-34 year-olds completing third level education • 20 million fewer people in or at risk of poverty and social exclusion

LEP Strategic Economic Plans and Growth Deals

- 4.7 Running in parallel with the development of the EU Investment Strategy, the Marches LEP must develop proposals for a Growth Deal with Government. Through Growth Deals, LEPs can seek freedoms, flexibilities and resources from Government and a share of a new Single Local Growth Fund (SLGF) to deliver their growth priorities. In return, LEPs are expected to develop ambitious, multi-year Strategic Economic Plans showing how the whole LEP area is going to deliver growth.
- 4.8 LEP's are required to submit their draft Strategic Economic Plans in December 2013, and they are expected to align closely with the LEP EU Investment Strategy.
- 4.9 Government anticipates that a LEP's EU Investment Strategy and its Strategic Economic Plan will be designed and function as an integrated package; both should use the same evidence and rationale. However the Strategic Economic Plan will cover the full range of LEP priorities for intervention while the EU Investment Strategy will be focused on those interventions for which EU structural funds will be used.

4.10 Nationally, the SLGF pot will comprise £2bn for 2015-16 (see table below) and at least that amount in subsequent years up to 2020-2021. The 2015-16 pot includes funding for transport, skills (incorporating ESF skills match funding), and housing (including a proportion of each Local Authorities New Homes Bonus). Existing capital transport funds make up 55% of the SLGF national funding pot. Currently there is limited information on how this will impact on existing budgets but this requires further interrogation as more information becomes available. SLGF funds will be allocated to LEPs, with the magnitude of the allocation being based upon the detail provided in the LEP Strategic Economic Plan. As such LEP's will be in competition with one another for resources, with the quality of the Strategic Economic Plan being critical to maximising the Marches LEP's SLGF allocation.

Size and Source of the Local Growth Fund 2015/16 - £m (National Allocation)	
Local Authority Transport Majors	819
Local Sustainable Transport Fund (Capital)	100
Integrated Transport Block	200
Further Education Capital	330
European Social Fund Match	170
New Homes Bonus	400
Total	2,019
Of which Capital	1,449

4.11. Whilst preparation and submission of draft LEP Strategic Economic Plans and EU Investment Fund Strategies are to run in tandem, the Growth Deal process will initially run to different timescales with the negotiation of Deals anticipated to be completed by July 2014, however Government has advised that it will seek to align the two processes as far as possible.

Development Processes

Constraints & Challenges

4.12 Government wishes to see more efficient management and new models of delivery through the joining up of funding. They expect LEPs to co-operate and work across LEP boundaries in order to increase the scale and maximise the impact of investment.

4.13 Furthermore in view of the constraints on public funding, Government expects LEPs to develop their EU strategies in order to lever in as much private sector investment as possible. Therefore in developing its EU Investment Strategy, the Marches LEP will need to ensure that stakeholders across the private, voluntary and public sectors input into its development. LEPs will need to provide evidence of commitment from businesses and other partners to invest.

4.14 The Marches is a rural/urban LEP and there will be conflicting priorities to reconcile and an effective governance structure, involving senior officers from each of the local authorities, will be key to addressing these issues. TWC's representation on the Marches LEP is outlined at Sections 4.20.

Development Processes

4.15 The Board of the Marches LEP agreed a structure for the development of its EU Investment Prospectus and Strategic Economic Plan on the 20 May 2013.

- 4.16 In August, consultants ARUP were appointed to support in the preparation of the two documents, acting as critical friend and advisor in the development process. Consultancy support is being funded through the LEP Capacity Fund.
- 4.17 Collaboration with other LEPs to identify possible areas for regional co-operation is taking place through West Midlands groups. In addition, the Marches LEP engages on a regular basis with the Stoke/Staffordshire and Worcester LEPs.

Telford & Wrekin Council, Priorities, Representation & Governance

- 4.18 To ensure that the priorities of the Council are represented and prioritised during the development of the Marches EU Investment Strategy and the Strategic Economic Plan, officers from across the Council are engaged in LEP working groups. These officers are responsible for ensuring that Council priorities are tabled for discussion at group meetings and taken forward.
- 4.19 In addition, consultation is being undertaken by officers of the Council with external partners. Most importantly, an engagement event with Telford & Wrekin SMEs was held on the 17 September to ensure that activity which meets the business needs of Telford companies is reflected in the EU Investment Strategy. Over 100 Telford businesses attended this event and were asked to complete a questionnaire to feed into the development of the Investment Prospectus.
- 4.20 The following are the Council's representatives on the Marches LEP Board, Officer Executive and Funding Forum:
Councillor Kuldip Sahota, Leader – LEP Board
David Sidaway, Director Development, Business & Customer Services – LEP Board & Executive
Councillor Bill McClements, Cabinet Member Finance & Enterprise – Funding Forum
Katherine Kynaston, Business & Development Planning Manager – Executive & Funding Forum
Kathy Mulholland, Team Leader Investment & Funding – Funding Forum
- 4.21 In view of the complexities of working within the LEP structure, the importance to the Borough economy of both the EU Investment Strategy and the SLGF and the need to respond quickly in the light of tight timescales delegated authority is sought to the Director Development, Business & Customer Services in consultation with the Leader to make decisions on behalf of the Council at the LEP Board and advisory/sub groups, within the context of Council policy and approved Council budget. An internal LEP Board of senior officers has also been established, sponsored by the Cabinet Member, Finance & Enterprise and chaired by the Director Business, Development & Customer Services. This will ensure co-ordination and strategic planning across those key service areas directly engaged with the LEP so that the Council's interests are effectively represented and our priorities supported. The Board includes:
Cllr Bill McClements, Cabinet Member, Finance & Enterprise (Sponsor)
David Sidaway, Director: Business & Customer Services (Chair)
Jonathan Eatough, Assistant Director: Law, Democracy and Public Protection
Jonathan Rowe, Assistant Director: Neighbourhood & Leisure Services
Ken Clarke, Assistant Director: Finance, Audit & Information Governance
Kate Turner, Assistant Director: Development, Business & Employment
Katherine Kynaston, Business & Development Planning Manager
Kathy Mulholland, Team Leader Investment & Funding
- 4.22 To ensure that the Council is capturing and contributing all potential projects and priorities and feeding these in to the Marches EU Investment Strategy, Members are asked to make

Kathy Mulholland (Team Leader Investment & Funding) aware of any projects or proposals that align with the EU priorities set out in 4.6, by the end of October 2013.

Timescales

7 October 2013	Submission of draft EU Investment Strategy to Government
6 December 2013	Submission of draft Strategic Economic Plan & Growth Deal proposals to Government
31 January 2014	Submission of final EU Investment Strategy to Government

5. PREVIOUS MINUTES

Cabinet – 11 January 2011, CB-110

6. BACKGROUND PAPERS

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/190880/13-747an-structural-and-investment-fund-strategies-preliminary-guidance-to-leps-technical-annex.pdf

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/224755/131049-development-and-delivery-european-and-investment-fund-strategies-guidance-for-leps.pdf

Report prepared by Kathy Mulholland, Team Leader Investment & Funding - 01952 567572