

Local Members' Interest
N/A

Prosperous Staffordshire Select Committee – 15th December 2017

EU Funding and European Social Funding

Recommendations

1. That the Select Committee scrutinises the work and progress of the Stoke on Trent & Staffordshire LEP EU Funding programme.
2. That the Select Committee comments on and considers aspects for further scrutiny.

Report of Cllr Mark Winnington, Cabinet Member for Economic Growth

Summary

What is the Select Committee being asked to do and why?

3. This brief paper has been prepared at the request of the Prosperous Staffordshire Select Committee to provide an update on the work and progress of the Stoke on Trent & Staffordshire LEP (SSLEP) EU funding programme.
4. The paper is accompanied by a presentation which gives further detail around the progress of each of the EU funds available in Stoke on Trent & Staffordshire and is designed as a basis against which the Prosperous Staffordshire Select Committee may wish to frame its scrutiny.

Report

Background

5. Economic growth is a key priority for Staffordshire County Council, directly contributing to the priority outcome for Staffordshire's people to be able to access more good jobs and the benefits of economic growth.
6. The SSLEP EU Funding programme forms an important and integral part of the Staffordshire County Council's Economic Growth Programme. The County Council is a key stakeholder in the EU Funding programme through the delivery of its own funded projects and programmes and also working with key external partners such as District Councils, Keele and Staffordshire Universities, FE colleges, Chamber of Commerce, business support and training providers, private sector businesses and a wide range of other partners from the private and voluntary sector.
7. The EU Funding programme is managed, on behalf of the SSLEP, on a day to day basis by the County Council's External Funding Manager, in partnership with Stoke on Trent City Council, working closely with the government's managing

authority departments, namely the Department for Communities and local Government (DCLG), the Department for Work and Pensions (DWP) and the Department for Environment, Food and Rural Affairs (DEFRA).

8. Governance of the EU Funding programme is provided via the SSLEP ESIF Committee which tracks progress of key projects, oversees the financial and outcome progress of the programme overall and provides a view of the local strategic fit of all applications submitted at each bidding call. The Economic, Infrastructure and Skills Management Team receives monthly updates on progress on the EU Funding programme and considers any matters of importance, by exception, that require attention and direction. This information is then summarised to SLT and Cabinet on a monthly basis through the Transformation Programme and any issues escalated as and when necessary to corporate management and executive level for resolution.
9. Projects and programmes being supported through the EU Funding Programme cover many aspects of economic growth activity, involving key works areas under the direction of the following Economy, Infrastructure and Skills commissioners:
 - a. Commissioner for Business and Enterprise
 - b. Commissioner for Skills and Employability

EU Funding Programme Key Facts

10. Parts of Staffordshire and Stoke on Trent area have had access to EUs Structural Fund programmes for over 35 years. The funds are designed to address structural economic and social imbalances across the EU member states through interventions that improve infrastructure, stimulate business and economic growth, create employment, tackle disadvantage in poorer communities and address environmental challenges.
11. The current programme phase covers the period 2014-2020 and involves 3 principal EU structural funds:
 - a. ERDF – European Regional Development Fund –**
Business support and finance, infrastructure, R&D
 - b. ESF – European Social Fund**
Skills development, employment support, tackling disadvantage
 - c. EAFRD – European Agricultural Fund for Rural Development**
Support for rural businesses and rural Broadband
12. Collectively known as the **European Structural and Investment Funds (ESIF)** this resource is worth **£6.8bn** to the UK for the 2014-2020 period. For Stoke on Trent and Staffordshire the allocation is **£137m** representing the largest amount of EU funding the area has ever had access to. This allocation is made up **£77m ERDF, £55m ESF** and **£5m EAFRD** (incl. the LEADER programme).
13. Adding to these allocations the matchfunding required to secure EU grant intervention, the total investment value of the EU Funding programme is around **£233m**.

14. Although the date for the UK leaving the EU is currently set at March 2019, the government has committed to honour all EU projects and programmes with a funding agreement in place, even if their operation continues after this date. This means that current EU funding programme allocations could still be contributing to economic growth of the SSLEP area as far ahead as **2023**.

EU Funding Programme performance and outcomes

15. To date nearly **three quarters**, or **£99m**, of the **£137m** total EU funding available to Stoke on Trent and Staffordshire is committed to projects and programmes with funding agreements in place. Highlights of this commitment to date for each of the funds include the following:

ERDF

- a. Committed ERDF funding totalling **£60mm** is underpinning key growth programme infrastructure projects such as **Keele Smart Innovation Hub** and a range business support and grant programmes co-ordinated through the Stoke on Trent & Staffordshire **Growth Hub**
- b. **£10m** of ERDF is contributing to the **Midlands Engine Investment Fund**
- c. A further **£10m** ERDF is contributing to the **Keele Smart Energy Network Demonstrator (SEND)** and **Low Carbon Business Evolution Programme** which will eventually deliver nearly **6,800 tonnes** of carbon savings.
- d. By the end of the programme ERDF will have supported over **4,300** businesses to start or grow.
- e. Three remaining ERDF calls plan to commit the remaining allocation by **Spring 2018** 12 months ahead of the planned date for the UK to leave the EU

ESF

- a. **£37m** of the ESF allocation is being delivered through three national opt in government programmes delivered by Department of Work and Pensions, Skills Funding Agency and the Big Lottery (Building Better Opportunities).
- b. In the first 11 months of operation over **7,900** beneficiaries have been supported via the Opt In skills and employment support programmes.
- c. Individual ESF bids totalling **£8m** include proposals to create a **Skills Hub** and **Higher Skills** programme, matching HE courses and training provision to the needs of employers, are due to be agreed with DWP early 2018

EAFRD/LEADER

- a. To date grants totalling **£1.9m** are committed that will support **26** businesses across the LEP's rural areas improving farm productivity and helping tourism and food and drink businesses to develop and expand.
 - b. The current EAFRD call is open until May 2018 and future LEADER calls throughout 2018 will see the full commitment of remaining allocations
 - c. An EAFRD **Rural Broadband Infrastructure Fund** has recently been announced providing an additional **£30m** through a national programme to tackle challenges to Broadband service provision in the most remote parts of the UK. Parts of the SSLEP area are being targeted to benefit from this fund.
17. Further details relating to performance of each of the EU funds will be included in the presentation accompanying this report.

Conclusion

18. The SSLEP's EU Funding Programme is performing well generally in terms of funding commitment and continues to play an integral part in the ongoing economic improvement of Stoke on Trent & Staffordshire. Committing all EU funding allocations in full remains a priority and there is confidence that this will be achieved with projects and programmes already identified and ready to respond to remaining bidding calls. Some outputs and outcomes resulting from EU funding investment won't be realised until long after the UK leaves the EU.
19. Beyond the current EU funding programme, one of the options to replace some of the funding provided by the EU for economic growth is the government's plans for a **UK Shared Prosperity Fund (UKSPF)**.
20. The success and performance with current EU, as well as UK funding programmes, is likely to play an important part in how much Stoke on Trent & Staffordshire will secure through future funding arrangements. The County Council, along the Stoke on Trent & Staffordshire LEP and its partners, will continue to lobby government and position itself to ensure momentum in economic growth continues, and that future funding is secured to address the future challenges and opportunities of Staffordshire's businesses and communities.
21. **Link to Strategic Plan** – the EU Funding Programme directly supports the Strategic Plan priority outcome for Staffordshire's people to 'access more good jobs and the benefits of economic growth'. It also indirectly supports the priority outcomes for people to 'feel healthier and more independent', and 'safer, happier and more supported'.
22. **Link to Other Overview and Scrutiny Activity** – the EU Funding Programme forms an important part of the County Council's Economic Growth Programme Growth Programme, which is subject to a separate scrutiny by the Prosperous Staffordshire Select Committee, and includes priority economic projects and

programmes delivered directly by Staffordshire County Council and those undertaken by its partners.

23. The Prosperous Staffordshire Select Committee's draft work plan includes other topics to be covered in more detail at other sessions including Superfast Staffordshire, The Economic Capital Programme and Skills and Employability.

Appendix A – Presentation – Stoke on Trent & Staffordshire LEP EU Funding Programme performance, for discussion at the Prosperous Staffordshire Select Committee meeting

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