

**REPORT TO:** Liverpool LEP

**DATE:** June 2014

**REPORTING OFFICER:** Wesley Rourke

**SUBJECT:** Halton in Europe – Halton Position Paper on the European Structural Funds Programme 2014-20

## **1.0 PURPOSE OF THE REPORT**

- 1.1 To set out the inclusive process followed in Halton to develop proposals to deliver Halton's contribution to the wider LCR European Programme.
- 3.2 To put into context Halton's contribution to the wider Liverpool City Region European Programme and the significant role that we will play in delivering the required outcomes.

## **2.0 KEY ISSUES AND RECOMMENDATIONS**

- 2.1 Halton will work closely with the LCR EU Team to support the delivery of the LCR ESIF Strategy
- 2.2 As a more developed region within LCR, Halton expects to have representatives within the refreshed EU governance structures, namely the local EU Committee and the technical group.
  - 2.2.1 Halton has mirrored Liverpool LEP's five Portfolio approach and has appointed lead contacts for all its Portfolios who will filter all Halton bids to the Programme
- 2.3 Portfolio leads will work with approved ERDF and ESF projects to support delivery in Halton to ensure that agreed performance targets are met, with the support of a dedicated European Funding Development post at Halton Borough Council.

## **3.0 Background**

- 3.1 The new 2014–2020 European Structural Programme consists principally of ERDF (European Regional Development Fund) and ESF (European Social Fund) funding. UK Government has devolved European Union (EU) funding in England to the 39 LEPs (Local Enterprise Partnerships). LCR (Liverpool City Region) has been working to produce an EU Investment Plan that sets out how they intend to spend their allocation of EU funding which equates to approximately £185m over the seven year period. Halton has been supporting the development of the LCR European Structural and Investment Strategy, which was submitted to Government in January 2014. This will form part of the National Operational Programme for England for the period 2014 – 2020.
- 3.2 Although part of the Liverpool City Region governance arrangements, Halton is categorised, for European Structural Fund purposes, as a 'more developed' region, with an associated, separate allocation of European and Structural Investment Funds (ERDF, ESF and EAFRD) of approximately £17m. This is because Government allocated resources based on the regional geography of 2006 (when Halton was classed as part of Cheshire) and apportioned resources for Halton accordingly. Given that the Liverpool LEP will be

required to distinguish between the resources set aside for Halton and the rest of the City Region, it is logical to develop a European Funding Action Plan for the Borough.

#### 4.0 Halton’s role in delivering the European Structural and Investment Fund (ESIF) for the Liverpool City Region 2014 – 2020

4.1 Whilst Halton is distinct from the wider LCR in its allocation as a more developed region, we share many of the challenges and opportunities identified within the LCR wide ESIF Strategy. Therefore, local partners felt this an opportune moment to provide a succinct and high-level strategic paper, which not only emphasises the complementarity between Halton’s key priorities and the five agreed LCR ESIF portfolios, but also demonstrates the significant contribution that Halton’s proposed projects and programmes can and will make to delivering The Liverpool City Region Growth Plan and Strategic Economic Plan to drive new job creation and growth in the City Region, as summarised in **Appendix 1**.

4.2 Together with our partners, including the Halton Employment Partnership, Skills Group, Employment, Learning and skills Partnership and the Halton Strategic Partnership Board, we have been able to profile the more specific nature of Halton’s contribution to the wider LCR European outcomes. In particular, Halton has the significant asset of Sci-Tech Daresbury, which is of importance, not only to Halton and the LCR, but also to the surrounding LEPs; this has been recognised through the Atlantic Gateway partnership. In our view, it is an asset of such national and international significance that it will require support on a different scale than that being available within the notional allocation of ESIF funds to Halton.

#### 5.0 Halton’s position in the LCR Governance Structures

5.1 Halton’s status is reflected in the Combined Authority protocols for the City Region namely “Arrangements are currently in place to ensure that any European resources attributed to Halton complement the Merseyside Phasing in area/transition area”. Therefore, we propose to continue with the recognition of Halton as a more competitive region with representative within the LCR governance structure

5.2 We would now welcome more detailed discussions with the **LEP** to further promote the complementarity between Halton and wider City Region priorities as outlined above.

#### 6.0 Halton Priority Projects

6.1 The diagram below shows the key building blocks to delivering economic prosperity, which we have used to inform the process of developing our proposals under the European programme.



- 6.2 The proposals developed reflect tried and tested models that will deliver economic growth and prosperity for Halton and the wider LCR. Partners in Halton have played a full and active role in developing proposals, including the Halton Employment Partnership (HEP), The Skills Group, Employment, Learning and Skills Specialist Strategic Partnership (ELS SSP) and Halton's Strategic Partnership Board (LSP). In addition a Steering Group of both internal and external partners has been meeting for the last year to identify and develop priority projects, and a stakeholder event was held in February 2014 to discuss draft Portfolios in more detail.
- 6.3 The table in **Appendix 2** identifies the thinking to date in relation to the projects that Halton would want to bring forward as part of the European Programme 2014-20. We have built in flexibility around these proposals, so, where appropriate, they can dovetail with proposals across the wider LCR and compliment the work undertaken through the opt-ins. A SWOT analysis of Halton's contribution to the wider LCR European Programme has been completed and is attached in **Appendix 3**.

## **7.0 Opt-Ins**

- 7.1 Halton expects to be part of the six opt-ins (MAS, GA, UKTI, DWP, SFA and Big Lottery Fund) under consideration by the LCR ESIF partnership.
- 7.2 Due to Halton's manufacturing focus and Sci Tech Daresbury, Halton will require higher level skills which go above level 5.

## **8.0 Financial Instruments**

- 8.1 Halton will await the outcome of the evaluation work the LEP has commissioned in respect of the future management and delivery of the financial instruments, which are currently operating in the LCR. Halton, where possible, will be aligning itself with the rest of the LCR. However, it is imperative that we can see a benefit to using the financial instruments, as they represent a significant proportion of the Halton allocation.

### **Key Contacts for Halton:**

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Appendix 1: Halton's contribution to the LCR ESIF and LGP

Appendix 2: SWOT Analysis

## Appendix 1

HALTON PRIORITY	LINK TO LCR ESIF	LINK TO LCR LOCAL GROWTH PLAN	HALTON 'OFFER' EARLY PROJECTS
<p><b>Blue Green Economy Indicative Projects</b></p> <p><b>Portfolio Lead - Jim Yates, Assistant to the Chief Executive, Chief Executive's Office</b></p> <ol style="list-style-type: none"> <li>1. Heat Networks – decentralised energy network East Runcorn</li> <li>2. Retrofit - development of a domestic and industrial energy efficiency programme</li> <li>3. Hydrogen Fuel Network, and infrastructure project that is part of a wider plan to develop Ultra Low Carbon transport capability in the City Region</li> <li>4. Green Networks helping businesses to take up micro technologies/ renewable technologies</li> </ol>	<p>SEAP project support</p> <p>Energy Performance Certificates target for all residential housing stock to achieve EPC "C" rating</p> <p>Low Carbon supply chain development</p> <p>Install measures to address power supply issues to allow growth in key economic locations</p> <p>Business diversification support into Low Carbon sector</p>	<p>Support the Government's and LCR carbon reduction targets and support local air quality management objectives.</p> <p>Through the SEAP Programme Group and Viridis, reduce energy consumption and efficiency, with a consequential impact on fuel poverty.</p> <p>Develop further capabilities for sustainable growth solutions using research and development across sectors.</p>	<p>Decentralised energy network East Runcorn</p>
<p><b>Business Economy Indicative Projects</b></p> <p><b>Portfolio Lead – Tim Leather, Lead Officer, Business Improvement and Growth</b></p> <ol style="list-style-type: none"> <li>1. Winning new business via Government manufacturing advisory service networks, such as MAS and UKTI; develop new market/investment opportunities; support to increase sales; business to business networks</li> <li>2. Business start-ups Support and Entrepreneurial Culture programmes</li> <li>3. Business Support and</li> </ol>	<p>Business Start-Up &amp; High Growth Start-Up</p> <p>Growth Ambitions &amp; Investment Readiness</p> <p>Target Groups and Social Enterprise</p> <p>Promoting enterprise in schools and to under-represented groups</p> <p>Investment Readiness</p>	<p>Business support and growth with a particular focus on growth areas and keeping an international focus.</p> <p>Supporting competitive businesses to thrive and grow</p> <p>Winning new</p>	

<p>Investment Readiness</p> <p>4. Skills Development – support to develop current and future workforce via higher level apprenticeships and higher level skills/qualifications</p>	<p>Support</p> <p>Supply Chain Development</p> <p>Marketing &amp; New Business Skills</p> <p>Entrepreneurial Skills</p>	<p>business, encouraging business start-up &amp; entrepreneurial culture</p> <p>Business support &amp; investment readiness</p>	
<p><b>Innovation Economy Indicative Projects</b></p> <p><b>Portfolio Lead - Wesley Rourke Operational Director, Economy, Enterprise &amp; Property</b></p> <ol style="list-style-type: none"> <li>1. Business Support Hub</li> <li>2. Procurement Support Programme</li> <li>3. Access Programme for STFC Facilities</li> </ol>	<p>Innovation for Business Growth; Higher level skills for growth, Physical research and innovation infrastructure, including incubation space, R&amp;D centres/business interfaces and facilities to support collaborative research.</p> <p>Promotion of Science offer across LCR and NW.</p>	<p>Harnessing and Exploiting Science Technology and Innovation Assets: Enabling Activity “Developing an Innovation Eco System”</p> <p>To continue working with knowledge sector partners to promote the delivery of specialist facilities – including incubation and grow-on space – to support business growth in research and innovation intensive activities</p>	<p>Sci-Tech Daresbury – International Science Infrastructure: Scientific Computing; Accelerator Science; Nuclear Physics</p>
<p><b>Inclusive Economy Indicative Projects</b></p> <p><b>Portfolio Lead - Siobhan Saunders, Divisional Manager, Employment, Learning &amp; Skills</b></p> <ol style="list-style-type: none"> <li>1. Tackling Youth Unemployment (NEET (Not in Employment, Education, Training) 16-24 year olds</li> <li>2. Helping adults back into work 24+</li> <li>3. Skills Development: ‘Knowledge Economy Pathway’</li> <li>4. Social Growth &amp; Connectivity</li> </ol>	<p>Removing barriers to work and transition to work, including work support, work experience, careers guidance, transport etc.</p> <p>Personalised support for young people and adults to include information advice and guidance, re-employability programmes</p>	<p>Skills Development to ensure we have an appropriately aligned workforce to identified growth sectors.</p> <p>Workforce development with businesses recognising the value</p>	

<p>5. Halton Community Services: Supported Employment Project, Assistive Technologies Project, SureStart to Later Life 'Age and Opportunities' Project</p>	<p>and targeted support for people with particular barriers to address exclusion</p> <p>Support employees and residents to achieve skills and qualifications linked to growth sectors</p>	<p>of investing in skills</p> <p>Commitment to tackle unemployment, particularly youth unemployment, and promote resilience.</p> <p>Commitment to work with health providers and welfare to work contractors to ensure that the correct support is in place for residents with work-limiting health conditions.</p> <p>Continue to develop support to encourage growth in Apprenticeships opportunities and take up by residents across all levels.</p>	
<p><b>Place and Connectivity Indicative Projects</b></p> <p><b>Portfolio Lead – Mick Noone, Operational Director, Policy, Planning &amp; Transportation</b></p> <ol style="list-style-type: none"> <li>To kick start the delivery of the Mersey Gateway Sustainable Transport Strategy via the delivery of a turn up and go Rapid Transit Public Transport Network which will also provide for a range of other sustainable transport schemes, including an improved cycle network linking Halton and the wider LCR, to enable residents to better access employment opportunities.</li> <li>Realtime/Smartcard/Intelligent Transport System (ITS) will complement Project 1 by enabling seamless travel through smart ticketing and the development of a realtime</li> </ol>	<p>Investments in ticketing technologies and information systems</p> <p>Measures to address congestion / over-crowding</p> <p>Public transport network improvements</p>	<p>Focused transport investment to Support economic growth particularly via sustainable transport investments and low carbon logistics.</p> <p>To contribute to improving connectivity, improving the passenger experience, and enabling goods and freight to move around the region and connect to external markets.</p> <p>The Mersey Gateway is in the Top 100</p>	

<p>network information system to facilitate well informed travel choices.</p> <p>3. Extension of SFBB programme</p> <p>*Projects in this Portfolio may need repackaging as initiatives to improve accessibility to work</p>		<p>Global Infrastructure projects as compiled by KPMG; and seeks to bring forward and connect key logistics and freight sites throughout the City Region to create jobs and stimulate economic growth.</p>	
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## Appendix 2

### Halton SWOT Analysis

<p><b>STRENGTHS</b></p> <ul style="list-style-type: none"> <li>• Previous track record in delivering European Programmes</li> <li>• Halton is of national and international significance for connectivity for business, logistics &amp; freight</li> <li>• Halton has a strong foundation in partnership working and good relationships with businesses</li> <li>• The potential to build a larger, nationally significant and differentiated innovation economy</li> <li>• Potential to expand high productivity sectors</li> <li>• Significant knowledge assets including Sci-Tech Daresbury and The Heath</li> <li>• Strong governance structure</li> <li>• Opportunities that can build upon the strength and significant work of the Voluntary and Community sector in Halton, including developing social enterprises</li> <li>• Significant sustainable transport infrastructure</li> <li>• Successful delivery model and processes in place, for example through the Mersey Gateway team</li> </ul>	<p><b>WEAKNESSES</b></p> <ul style="list-style-type: none"> <li>• Halton was outside the 2007-13 phasing-in governance and programme arrangements so not necessarily tied into existing networks/committees etc.</li> <li>• Legacy of hard to treat brownfield land and industrial activity</li> <li>• High share of public sector employment</li> <li>• Skills gaps, technical, high-level and generic across the workforce</li> <li>• Persistent pockets of deprivation, social exclusion and health inequalities</li> <li>• Out-migration of population, particularly young people including graduates and key workers</li> <li>• Whilst the new Mersey Gateway will be a significant asset to Halton and the wider LCR, the build period will result in some traffic problems and may impact on businesses and employees in the short term</li> <li>• Across the LCR we need to get 46,200 residents into employment in order to achieve employment rates equivalent to national averages.</li> </ul>
<p><b>OPPORTUNITIES</b></p> <ul style="list-style-type: none"> <li>• Exploitation of the national and internationally significant Sci Tech Daresbury Enterprise Zone</li> <li>• Building relationships/delivering joint projects with other LCR authorities, cross LEP working</li> <li>• Tried and tested models of delivery which can be replicated/extended</li> <li>• 2014 International Festival of Business</li> <li>• Improving educational attainment</li> <li>• Growth sectors with the potential to offer a range of occupational opportunities across all levels</li> <li>• The Silver Jubilee Bridge 10 year Major Maintenance Scheme is of cross LEP significance, as a major road link from Cheshire to Merseyside and beyond.</li> <li>• Major investments to start including The Mersey Gateway</li> <li>• Unique, Halton led opportunity for link to the h2 network for LCR</li> </ul>	<p><b>THREATS</b></p> <ul style="list-style-type: none"> <li>• Without full and direct participation, Halton will not be able to deliver its priority EU funded projects.</li> <li>• Ageing population with significant implications for the labour force and public service requirements</li> <li>• Out-migration of population, particularly young people including graduates and key workers</li> <li>• Loss of accumulated skills from the older workforce</li> <li>• Change in the nature of employment from full-time to part-time</li> <li>• Costs of bringing brownfield land back into use</li> <li>• Future constraints on employment land availability</li> <li>• Reduction in public sector funding and staffing resources to help support business growth and investment. The delivery of future programmes will have to form part of a comprehensive business support programme which is adequately resourced</li> </ul>