

REPORT TO: Executive Board

DATE: 12 December 2013

REPORTING OFFICER: Strategic Director, Children & Enterprise

PORTFOLIO: Leader

SUBJECT: European Programme 2014-2020

WARD(S) Borough-wide

1.0 PURPOSE OF THE REPORT

1.1 The purpose of this report is to obtain Executive Board approval to develop a European Action Plan for Halton as part of the next European Programme 2014 -2020. The report is divided into two sections.

Section 1 outlines the process for accessing EU funds. Section 2 provides information on work being undertaken to identify and develop Halton's priorities. Reference is also made to the next steps and further work needed to develop the Action Plan.

2.0 RECOMMENDATION: That

- 1) The Board notes the progress being made and supports the development of a Halton Action Plan for the European Programme 2014-20;
- 2) Officers be authorised to identify potential match funding opportunities in order to maximise the benefit to Halton that the European Programme provides;
- 3) the Board authorises the Operational Director Economy, Enterprise and Property in consultation with the Leader to take all steps necessary to deliver the programme; and
- 4) any commitments to match funding utilising Council resources be brought back to the Executive Board for consideration.

3.0 SUPPORTING INFORMATION

Section: 1 Accessing European Funds

3.1 The 2014-2020 European Programme primarily covers the European Regional

Development Fund (ERDF) and European Social Fund (ESF) grant schemes. For the first time UK Government has devolved European Union (EU) funding to Local Enterprise Partnerships (LEPs). The LEP has been required to produce an EU Investment Plan setting out how the Liverpool City Region proposes to spend its EU funding allocation.

- 3.2 Budgets have now been allocated, with Liverpool City Region (LCR) receiving €221.9m (circa £185m). This is roughly one third of the funding received by the LCR in the previous programme period 2007-13 and the Liverpool City Region is currently seeking a Judicial Review on this matter. It is unlikely that the outcome of the Judicial Review will impact on Halton significantly.
- 3.3 It appears that Halton will receive an indicative allocation of £16.9m by the LEP out of the £185m pot. (See Appendix 1 Indicative Halton Spend Profile). 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.
- 3.4 EU Regulations for the new programme require all EU funding to be spent on 11 thematic objectives; the Liverpool City Region has agreed that these themes will be taken forward through 5 portfolios:
 - Blue/Green Economy
 - Business Economy
 - Innovation Economy
 - Inclusive Economy
 - Place and Connectivity

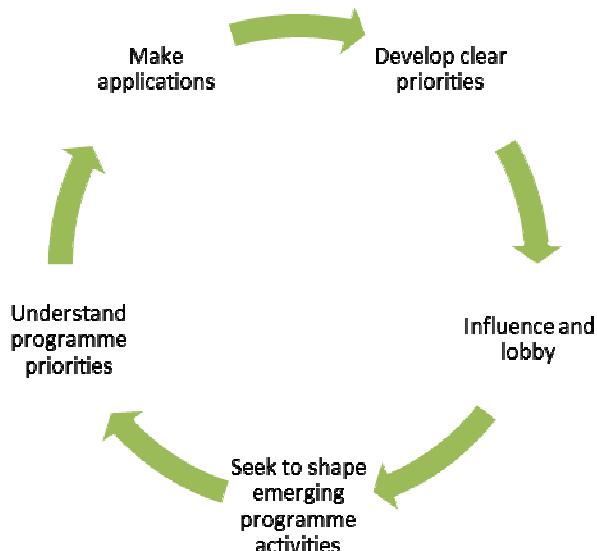
(N.B. The term portfolio is used in this context is to describe specific headings. It does not mean Executive Board Portfolios).

Section 2: Identifying and Developing Halton's priorities

- 3.5 Given that the Liverpool City Region 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 Investment Plan/Action Plan for Halton.

Halton has mirrored the 5 Portfolios in developing its own set of projects under the same themes. An internal officer group chaired by the Strategic Director for Children & Enterprise has been meeting since April 2013 to develop Halton's priorities in relation to the new programme.

The approach we are taking can be summarised by the diagram below:



Portfolio leads have been identified and draft Portfolios produced which identify key projects to be delivered via the Programme. Drafts have been shared with LCR leads for each portfolio area.

The Portfolio leads are:

Jim Yates - Blue-Green Economy
 Tim Leather - Business Economy
 Wesley Rourke - Innovative Economy
 Siobhan Saunders - Inclusive Economy
 Mick Noone - Place and Connectivity

- 3.6 The next steps will be to develop these 'high level' Portfolios in more detail, and to consult with stakeholders (internal and external) to the Council. Final drafts of Halton Portfolios will need to be submitted to the LEP by 31st December 2013, but there is a period from January to July 2014 where we will have an opportunity to develop and make applications.
- 3.7 We will, therefore, develop a Halton European Action Plan which will provide further detail on individual projects. It is important to note that projects will be large-scale.
- 3.8 A central resource will be required for the lifetime of the programme and beyond to develop projects and applications and to monitor progress and spend.

4.0 POLICY IMPLICATIONS

- 4.1 This is in line with the Council's Corporate Priorities and with the requirement to lever as much external funding as possible into the borough to support the communities of Halton.
- 4.2 It is proposed that the Operational Director for Economy, Enterprise and Property will take the lead on the day to day management of the programme and will be

supported by the External Funding Team who will offer a borough-wide service helping with application writing, funding claims and the ongoing monitoring.

Whilst Halton has an allocation it is imperative that all Halton's applications are realistic and robust and meet the eligibility criteria and that they are underpinned by a comprehensive monitoring system.

It is therefore, anticipated that additional support will be required from the Council's Internal Audit and Accountancy Divisions.

5.0 OTHER/FINANCIAL IMPLICATIONS

5.1

An indicative allocation of £16.9 million is good news for the Borough. However, in order to draw down the maximum grant available over the 7 year period, it will be necessary to identify and secure appropriate matching funding, because, depending on the type of project, the level of matching funding required can vary between 20% and 50%. In broad terms to draw down £16.9m of European grant, a further £40m to £50 million of additional funding will be required.

However, this additional funding can be drawn down using a variety of sources, for example, Government departments (DWP, Skills Funding Agency, Business Innovation and Skills), Lottery Funding, Trust Funding, Landfill Communities funding, Regional Growth Fund, Growing Places Fund, as well as private sector contributions from businesses and developers.

In addition, 'in kind' and 'actual' costs can be used as matching funding, providing the costs are attributable to the project. Examples of in-kind contributions include land, equipment, and unpaid voluntary costs. Actual costs can include premises, salaries, overheads and fees.

There are also opportunities for Halton to apply economies of scale principles by either 'slip-streaming' regional initiatives, or working collaboratively with neighbouring LEP areas. In cases such as these, the Council would not always be the provider of the service, but could still use its influence and its EU allocation to direct the most effective deployment of these resources for the benefit of Halton's residents and businesses.

Therefore, colleagues have developed realistic options which are not only based on need and demand, but reflect opportunities for drawing down external funding.

6.0 IMPLICATIONS FOR THE COUNCIL'S PRIORITIES

6.1 Children & Young People in Halton

There is a significant opportunity for the EU programme to benefit all of the Council's priorities. Specific projects will be developed to support Children and Young People, targeting the resources where they are most needed.

6.2 Employment, Learning & Skills in Halton

Overall the EU programme will assist in providing job opportunities for local people and will go some way in addressing the level of unemployment in Halton. The projects being developed will support the local economy, local businesses and the local community which in turn will skill up Halton's workforce and create more jobs locally.

6.3 A Healthy Halton

The EU programme will promote healthier communities through jobs opportunities, the development of green transport and housing initiatives.

6.4 A Safer Halton

The EU programme will complement the initiatives of the Mersey Gateway Regeneration Strategy and the good work of the Police and Community Safety and through its projects look to reduce the fear of crime.

6.5 Halton's Urban Renewal

The EU programme will act as a catalyst to attract developers and new businesses to the area by creating an attractive, well-accessed and serviced area, which provides a safe and attractive environment for employees and visitors.

7.0 RISK ANALYSIS

7.1 There is a risk that the Council will not be in a position to access the EU grant funding if it cannot source the match funding required which is a minimum of £16.9m. If the Council were to place an over reliance external match, Halton could potentially lose out.

8.0 EQUALITY AND DIVERSITY ISSUES

8.1 It is anticipated that reference to Equality and Diversity principles will be a prerequisite for any funding available. In fact, the theme 'Inclusive Economy' focuses on supporting disadvantaged either to enter into the work place or remain in the work place.

9.0 REASON(S) FOR DECISION

An indicative allocation of £16.9m is a much needed resource which will support the borough in delivering its strategic priorities

10. ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

N/A

11. IMPLEMENTATION DATE

January 2014 onwards

12.1 LIST OF BACKGROUND PAPERS UNDER SECTION 100D OF THE LOCAL GOVERNMENT ACT 1972

None under the meaning of the Act.