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VCS NORTH WEST - 4 July 2013

EU STRUCTURAL & INVESTMENT FUNDS in ENGLAND 2014-2020

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THE STORY SO FAR …..

- ✓ April 2012 — Government consultation – which way forward?
- ✓ April – Sept '12 — Workshops & sectoral events
- ✓ Autumn 2012 — New delivery model developed – a single EU SIF "Growth Programme" for England

Developed in response to stakeholder demands for

- ❖ Place based programmes
- ❖ Improved responsiveness to local differences
- ❖ Simplified management arrangements & more integrated programming

- ✓ Nov-Dec '12 — Road testing new delivery model – 13 'roadshows'
- ✓ Feb 2013 — EU Budget Settlement
- ✓ Mar 2013 — UK SCF settlements:
  England €6.2bn; Scotland €800m;
  N. Ireland €460m; Wales €2.15m;
- ✓ Apr 2013 — Outline guidance to LEPs from Government
- ✓ May 2013 — LEP initial feedback to HMG on priorities and requirements
- ✓ Jun 2013 — Financial allocations to LEPs

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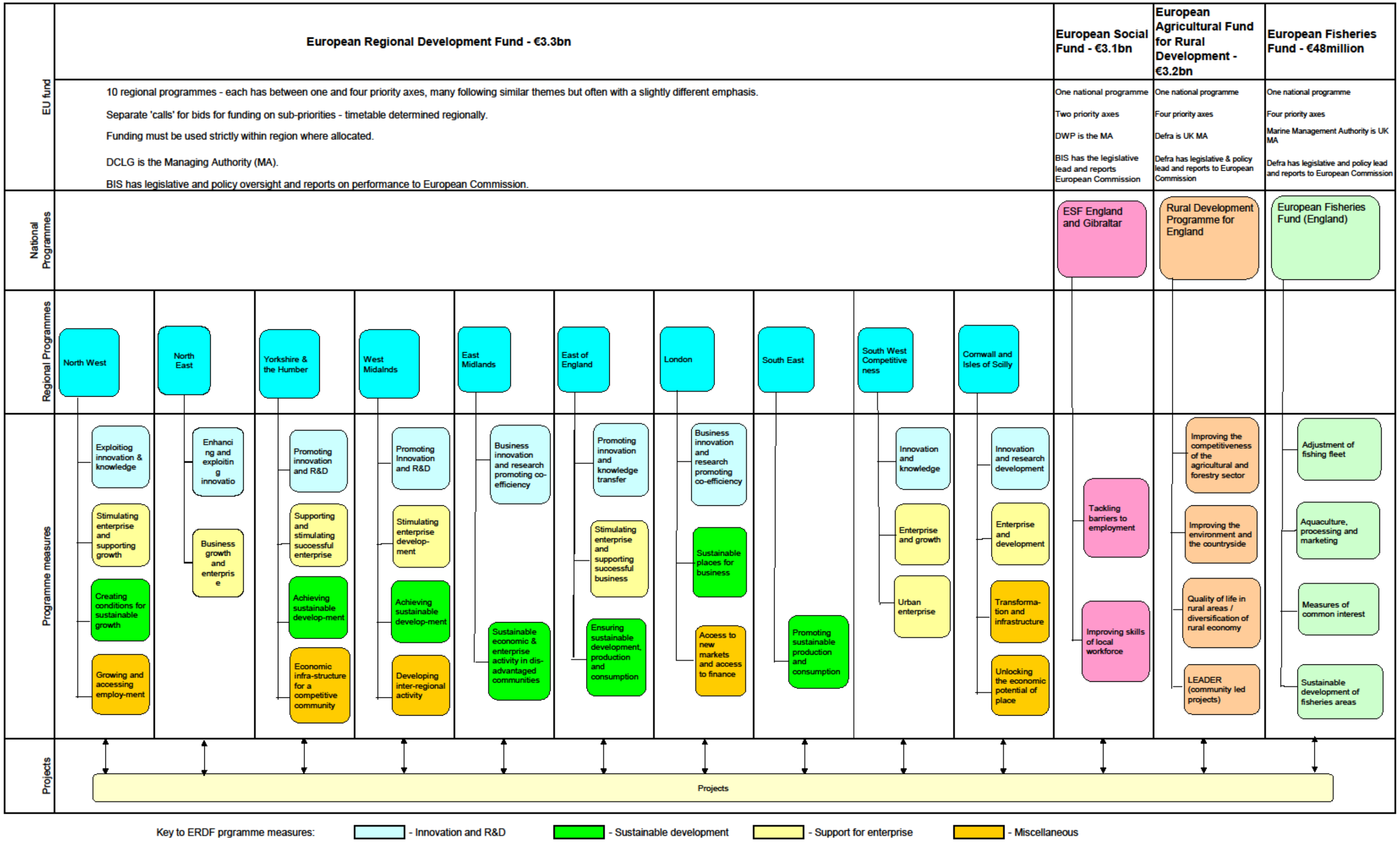
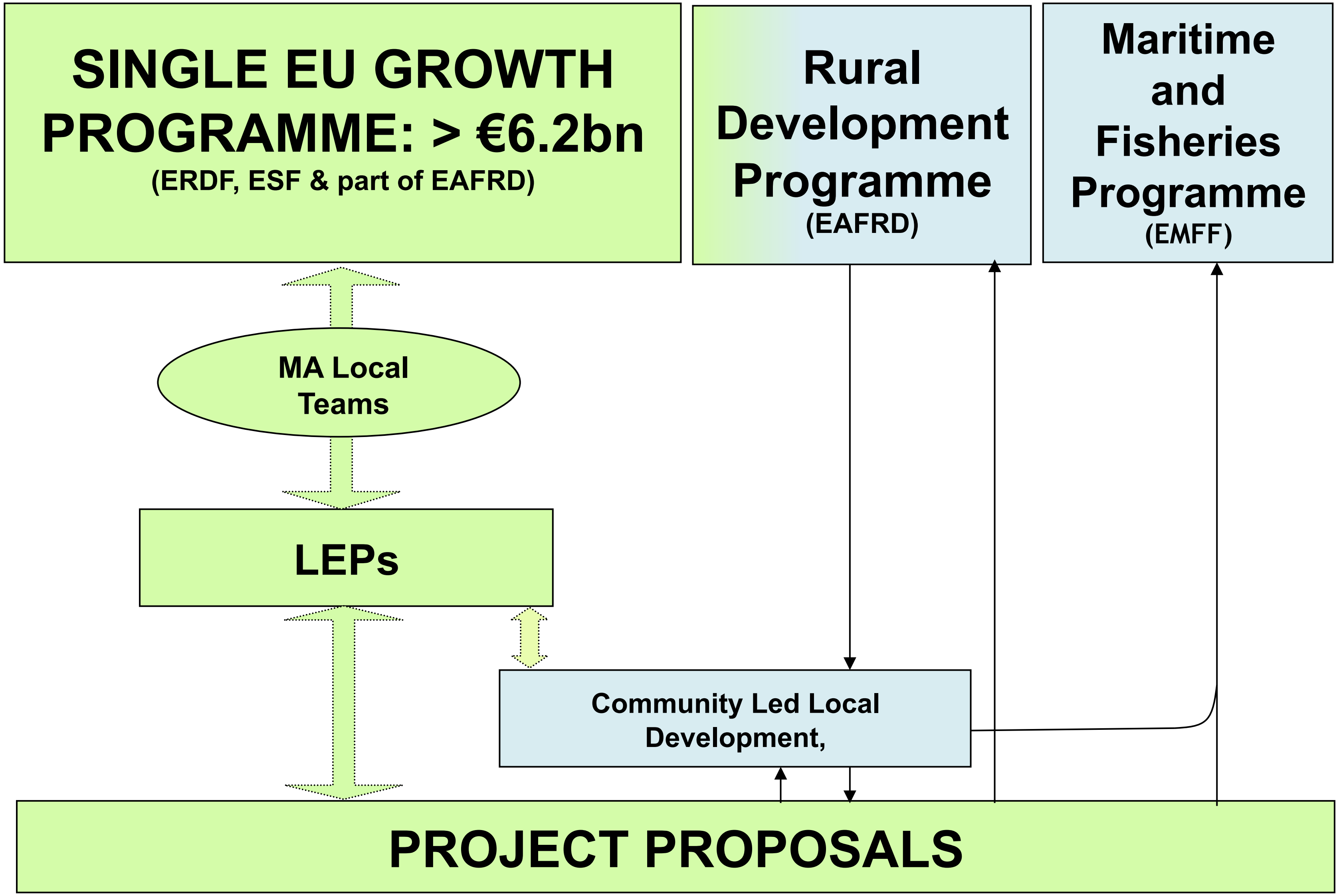
CURRENT ENGLAND STRUCTURAL FUNDS PROGRAMMES 2007-13: PROLIFERATION & DUPLICATION

EU COMMON STRATEGIC FRAMEWORK FUNDS 2007-13 (ENGLAND): CURRENT MODEL



PROPOSED ENGLAND EU PROGRAMME 2014-2020: STREAMLINED & INTEGRATED



PROPOSED EU GROWTH PROGRAMME 2014-2020 KEY FEATURES

- A new single “EU Growth Programme” to be financed by ERDF and ESF with a contribution from EAFRD, rationalised from 12 separate ones for 2007-13
- LEPs to be the fundamental building blocks receiving a 7 year notional allocation – giving certainty in an uncertain world.
- Less than 5% ‘top slicing’ for national programmes – compared to over 50% in current programmes.
- Significant shift away in decision-making powers from Whitehall to local level but new responsibilities for LEPs (including a broader partnership)
- Funds to be more integrated, transparent and streamlined under one programme (Managing Authorities (ie DCLG / DWP / DEFRA) will ‘hide the wiring’ from LEPs and end beneficiaries as far as possible to reduce administrative burdens)
- LEPs to identify their preferred EU fund investment strategy as part of their wider growth strategy, for agreement by the national Growth Programme Board (responsible for overall programme governance).

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EU STRUCTURAL & INVESTMENT FUNDS 2014-2020 - FUNDING THEMES -

1. **Innovation** and R&D (esp commercialisation)
2. **ICT:** Improving access; quality and usage (but not infrastructure)
3. **SMEs:** Improving competitiveness (incl. in the agricultural & aquaculture sectors)
4. **Shift to low carbon economy**
5. **Climate change** adaptation and risk management (low priority)
6. **Environmental protection** & resource efficiency (low priority)
7. **Sustainable transport** and unblocking key networks (low priority)
8. **Employment** and labour mobility
9. **Social inclusion** and fighting poverty (10% of programme)
10. **Education, skills** and lifelong learning
11. ***Improving institutional capacity** for efficient public administration (not for UK)*

ESI ALLOCATIONS 2014-20

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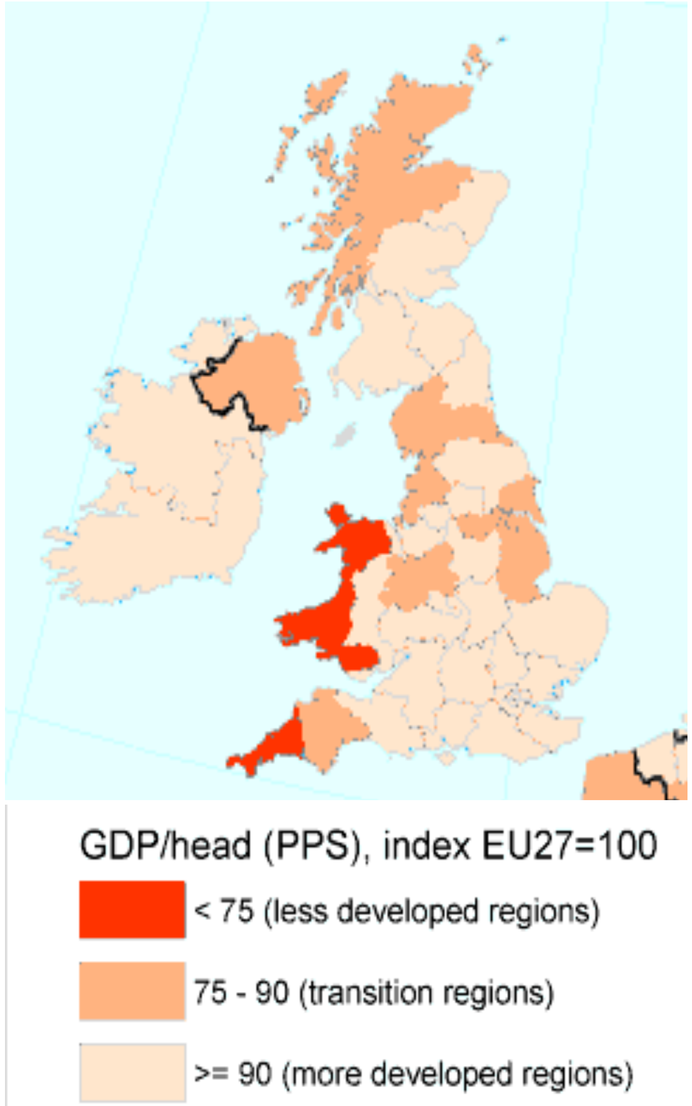
LEP	Allocation €m (cash prices)
Black Country	177.4
Buckinghamshire Thames Valley	13.9
Cheshire and Warrington	142.2
Coast to Capital	67.3
Cornwall and the Isles of Scilly	592.9
Coventry and Warwickshire	136.0
Cumbria	91.4
Derby, Derbyshire, Nottingham and Notts	249.7
Dorset	47.3
Enterprise M3	45.7
Gloucestershire	38.3
Greater Birmingham and Solihull	255.8
Greater Cambridge & Greater Peterborough	75.5
Greater Lincolnshire	133.5
Greater Manchester	415.6
Heart of the South West	118.3
Hertfordshire	69.5
Humber	102.4
Lancashire	266.3
Leeds City Region	391.2
Leicester and Leicestershire	126.3
Liverpool City Region	221.9
London	748.6
New Anglia	94.5
North Eastern	539.6
Northamptonshire	55.0
Oxfordshire LEP	19.4
Sheffield City Region	203.4
Solent	43.1
South East	185.9
South East Midlands	88.3
Stoke-on-Trent and Staffordshire	161.6
Swindon and Wiltshire	43.6
Tees Valley	202.6
Thames Valley Berkshire	28.7
The Marches	113.7
West of England	68.6
Worcestershire	68.1
York and North Yorkshire	97.5

3 CATEGORIES OF AREAS

National Picture	Allocation £m
England	5,277
Wales	1,833
Scotland	680
Northern Ireland	390

EU STRUCTURAL FUNDS BUDGET IN ENGLAND: 3 CATEGORIES OF AREAS (allocations are population based)	GDP (as % of EU average)	Allocation £m
Less developed		
Cornwall & the Isles of Scilly	73.2	457
Transition		
Cumbria	89.5	70
Devon	88.1	65
East Yorkshire & N. Lincolnshire	85.8	123
Lancashire	84.9	205
South Yorkshire	84.5	137
Shropshire & Staffs	83.9	217
Merseyside	80.2	156
Lincolnshire	79.8	81
Tees Valley & Durham	78.5	277
More developed		
Rest of country		



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ESI RINGFENCING REQUIREMENTS

<table>
<tr><th rowspan="2">CORE THEMES</th><th colspan="3">Minimum spending levels at national level required by the regulations</th></tr>
<tr><th>Less Developed Regions</th><th>Transition Regions</th><th>More Developed Regions</th></tr>
<tr><td>Innovation</td><td rowspan="4">At least 50% ERDF must be spent on these 4 themes, of which approx 12%? on low carbon (% tbc)</td><td rowspan="4">At least 60% ERDF must be spent on these 4 themes, of which approx 15% on low carbon (% tbc)</td><td rowspan="4">At least 80% ERDF must be spent on these 4 themes, of which at least 20%? on low carbon</td></tr>
<tr><td>SME Competitiveness</td></tr>
<tr><td>Low Carbon</td></tr>
<tr><td>ICT</td></tr>
<tr><td>Climate Change Adaptation</td><td></td><td>Lower priority</td><td>Lower priority</td></tr>
<tr><td>Environmental Protection</td><td></td><td>Lower priority</td><td>Lower priority</td></tr>
<tr><td>Sustainable Transport</td><td></td><td>Lower priority</td><td>Lower priority</td></tr>
<tr><td>Employment</td><td rowspan="4">At least 60% ESF must be spent on up to 4 sub-priorities within these themes</td><td rowspan="4">At least 70% ESF must be spent on up to 4 sub-priorities within these themes</td><td rowspan="4">At least 80% ESF must be spent on up to 4 sub-priorities within these themes</td></tr>
<tr><td>Skills</td></tr>
<tr><td>Social Inclusion
(at least 20% value of ESF)</td></tr>
<tr><td>Institutional Capacity</td></tr>
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NEW OPPORTUNITIES FOR VCS

- Funding priorities to be determined at local / LEP level [formerly national (for ESF) or regional (ERDF) level]
- BIG Lottery Fund match funding offer to LEPs (ERDF & ESF only) years 1 & 2
- Social innovation? NHS match funding? Social enterprise?
- Community led local development?
- Social inclusion combating poverty
  - c 10% of total programme value

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SOCIAL INCLUSION & COMBATING POVERTY

Activities	ESF	ERDF	EAFRD
Complementary services for people furthest from the labour market, incl ex-offenders	✓		
Tackling barriers to work in troubled families	✓		
Tackling barriers to work by focusing on specific issues eg caring responsibilities, debt, digital exclusion, drug and alcohol dependency, poor educational attainment, family & parenting problems	✓		
Complementary support for offenders and ex-offenders without work, especially from very hard to help groups	✓		
Early interventions for young people	✓		
Developing the capacity of community groups to participate in the delivery of services to those furthest from the labour market	✓		
Combating employment-related discrimination on the basis of age, disability, gender reassignment, pregnancy, race, religion, sex, sexual orientation	✓		
Loans to support social enterprises	✓	✓	
Community led local development and local 'Community Grant' type activity.	✓	✓	✓
Targeting specific communities or ethnic minorities facing high levels of poverty and social exclusion	✓	✓	✓
Promoting social inclusion through tackling environmental and energy efficiency challenges	✓	✓	✓
Promote a dynamic and inclusive rural economy with fair access to services and basic amenities.	✓	✓	✓

WHAT NEXT?

- 10 July: Technical Guidance (stage 1) from Government to LEPs
- End Sept: LEPs to send to HMG their EU spending plans
- Sept – Dec: BIS negotiates LEP plans with European Commission
- Early 2014: Final LEP plans + final UK programmes agreed
- Mid 2014: Programme goes live / LEPS start to spend

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LEP CHALLENGE FOR END SEPTEMBER

LEP ESI Fund investment strategies back to HMG covering:

Activities & Investment Priorities

- Preferred thematic objectives and investment priorities for ESI funding; rationale / supporting evidence and anticipated activities
- Indicative breakdown of proposed spend by year by theme

Outcomes and Outputs

- Description of desired outcomes and outputs per fund per year

Match Funding

- Proposed arrangements for coordination and likely sources of match funding, including leveraging private sector match

Financial instruments?

Partnership engagement

- Proposed arrangements for ensuring that wider partner representation is achieved and that full involvement with all delivery partners is maintained

LEP CHALLENGE FOR END SEPTEMBER (continued)

The Local Picture

❖ Economic strengths and weaknesses, social and environmental risks & opportunities

❖ Economic drivers and barriers to developing jobs & growth

❖ Economic vision for the LEP area

Collaboration

❖ Plans to collaborate with other LEPs, including description of thematic/geographic basis of collaboration

Alignment of EU Funds

❖ Fit with other national funding programmes and anticipated private investment leveraged + complementarity with other EU funds eg. (Interreg; Horizon 2020, LIFE + etc)

Community Led Local Development

❖ Indicative proposals for use of CLLD, including numbers of LAGs (local action groups) and % of ESI funds

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TIMELINES