

Marches European Structural and Investment Funds 2014-2020

1. Background

European Structural and Investment Funds (ESIF) work together to support economic development across all European Union (EU) countries, in line with the objectives of the Europe 2020 strategy. The Funds are allocated in tranches and managed through the Member States, which develop Operational Programmes to set out how the funds are to be invested. The funds include:

- **European Regional Development Fund (ERDF)** – supporting regional competitiveness and employment
- **European Social Fund (ESF)** - improving levels of employment, skills and the inclusiveness of the labour market
- **Rural Development Programme England (RDPE)** - rural development, focusing on revitalising rural areas

In the current tranche, the UK Government developed programmes to fit within the Local Enterprise Partnership (LEP) geography. This meant that all LEP areas were allocated an indicative amount of investment across the funds.

The funds are managed by Government departments, i.e. Ministry of Housing, Communities and Local Government (MHCLG), Department of Work and Pensions (DWP) and Department for Environment, Food and Rural Affairs (DEFRA) for ERDF, ESF and RDPE respectively. The departments contract directly with projects that meet the criteria of funds, so therefore there is no delegation of funds to LEP areas. The fund is competitive with open calls and a one or two-stage application process.

There are local ESIF Sub-Committees which assess proposals for local fit, which include representation from LEPs and other stakeholders. The Sub-Committees agreed the details of the local calls with Government but have no decision-making powers in the awarding of funds, so their input is advisory although generally Government follows their advice.

Due to how the EU categorise regions, the Marches has an individual ESIF budget for Herefordshire and a combined one for Shropshire and Telford. This characteristic is shared by a handful of other LEP areas that had Geographies which cut across European sub regions.

Delivery started in early 2016 and activity will continue until June 2023. The UK Government has provided a guaranteed commitment to ESIF for the duration of the programme, irrespective of the country's future arrangement with the EU.

2. ERDF

Current position

The Marches has an indicative allocation of £59.5m (£46m S/T and £13.5m H). This allocation is across five national priority areas, which include Research and Innovation, ICT, Business Competitiveness, Low Carbon and the Environment.

Further information on the subject of this report is available from

Richard Ball, Director for Economy and Place 01432 260965 richard.ball@herefordshire.gov.uk

£45m (£33m S/T and £12m H) or 76% of the allocation has been committed up to July 2019, which includes projects that have ended, are in delivery, or are still in process of being contracted. To date there are nearly 40 projects in the Marches ERDF programme, which cover business support and grant programmes, incubation space, low carbon infrastructure and environmental improvements.

Future Activity

MHCLG agreed with LEP areas to run a 'final' call window for projects which closed on 30 September 2019. This represents the final opportunity for local partners to bring forward projects. Anything that remains uncommitted after this point will be handled through national calls, where MHCLG is likely to want to support pan-LEP area project as a priority.

Officers from the three local authorities have worked with partners to ensure that the Marches area can bring forward projects that utilise the area's remaining indicative allocation. To support the development of high-quality projects within this final call, the Marches LEP made funding available for feasibility studies and pre-project development work. From discussion with partners, it is anticipated that the Marches areas is likely to reach at least 90% commitment through projects that will come forward in the current call window.

3. ESF

Current position

The Marches has an indicative allocation of £42.4m ESF for 2014-2020, £30.1m for Shropshire and Telford & Wrekin and £12.2m for Herefordshire. Funding is allocated over five investment priorities in line with the national programme: skills support for the unemployed; supporting young people aged 15-24 into education, employment or training; active inclusion; skills support for the workforce; improving the relevance of education and training to the labour market.

£38m (£27m in Shropshire and Telford & Wrekin, £11.6m for Herefordshire) or 91% of the allocation has been committed up to July 2019, which includes projects that have ended, are in delivery, or are still in process of being contracted.

To date 13 projects have been funded through the Marches ESF programme, which cover support for people with complex or multiple barriers to employment, support for young people not in employment, education or training (NEET) or at risk of becoming NEET, up-skilling and re-skilling employees in micro and SME businesses and support for people affected by redundancy, engaging businesses with education and training systems to make them more responsive to the needs of the local economy. Projects have been either match funded by national Co-finance Organisations (Education and Skills Funding Agency (ESFA), National Lottery Community Fund and DWP) or by project applicants.

Future Activity

An ESF open tender is being launched by the ESFA for a Community Grants Body to run community grant schemes to support community, voluntary and small organisations in Herefordshire, Shropshire and Telford and Wrekin. Promotional events were held in each LA area.

Including current and pipeline commitments ESF in the Marches is 91% committed. Work has been done with DWP on options to commit any remaining ESF allocations through open calls in the autumn. DWP will continue to launch open calls until the end of December 2019. Any

Further information on the subject of this report is available from

Richard Ball, Director for Economy and Place 01432 260965 richard.ball@herefordshire.gov.uk

unused ESF will be taken back into a national Reserve Fund to distribute back to LEPs. The process for this is being finalised by DWP and any opportunities for Marches projects to benefit from the Reserve Fund will be explored.

4. RDPE

Current Position

The Marches LEP area is receiving RDPE funds from the Growth Programme, LEADER and the Rural Broadband Scheme.

For the **Growth Programme**, the Marches has an indicative allocation of £7.5m. Unlike ERDF and ESF, this is not split between Herefordshire and Shropshire / Telford. The fund is managed through national calls conducted by DEFRA, in which the Marches participated. The calls covered priorities around rural business development, food processing and rural tourism infrastructure, and were open for grant applications directly from businesses and other organisations.

To June 2019, approximately £6m has been awarded to nearly 50 projects and others are awaiting approval, which will take the Marches to at least its indicative target of £7.5m.

Most funding is being awarded to Herefordshire and Shropshire projects, because only the food processing priority covers the urban area of Telford (the same also applies to Hereford and Shrewsbury).

Based on current projections, Herefordshire and Shropshire will stand to each receive over £3.5m each through the grants awarded to their businesses and other organisations. This includes some very large individual grants to primary food processors.

A key criterion of the fund was that it would lead towards job creation. The total investment in the Marches is estimated to help create over 400 hundred jobs.

Grant details cannot be shared, unlike with ERDF and ESF, because with the grants going directly to businesses, the information is commercial in confidence.

LEADER funding is available to local businesses, communities, farmers, foresters and land managers. It is managed on a delegated basis by a Local Action Group (LAG), which comprises of representatives from the local community and the public and private sectors. To date In the Marches, there are two LAGs, Herefordshire and South Shropshire, which have allocations of £1,697,728 and £1,666,240 respectively. All this has now been allocated to specific projects.

Rural Broadband

The Herefordshire and Gloucestershire Broadband Team successfully applied to the fund for £8.9m, which will cover 20 property clusters across the Marches and Gloucestershire which are within the final few areas to be able to access affordable superfast broadband. This includes 5,000 homes and 300 businesses and the funding will enable a wireless solution.

Future Activity

DEFRA plans to open another call through the RDPE Growth Programme to utilise the funds that remain nationally. This means that the Marches LEP area has the opportunity to benefit over and above what it has been indicatively allocated by Government.

Further information on the subject of this report is available from

Richard Ball, Director for Economy and Place 01432 260965 richard.ball@herefordshire.gov.uk