

## D2N2 SIAG Report: 24/3/16

### Implementing a D2N2 ESIF Community Programme: Update

#### Background

The D2N2 ESIF Committee has a long-standing commitment to deploy a portion of its ESIF funding to support a community programme that can add value to 'mainstream' delivery by promoting differentiated locally distinctive and innovative activity in communities across the diverse D2N2 area.

After consultation, the D2N2 ESIF Committee decided that a Community Led Local Development (CLLD) approach would be too restrictive. Therefore in December 2014, the D2N2 ESIF Committee asked Board Member Rob Crowder to oversee the careful and inclusive design of a bespoke community programme for consideration and approval by the Committee, that;

- 1 Adds value to current 'mainstream' ESIF-funded and non-ESIF funded provision.
- 2 Responds to local needs across D2N2 within an overall programme that provides a reasonable degree of geographic equity;
- 3 Can be viably delivered, by attracting match funding, delivering outputs, being compliant with relevant ESIF funding regulations and requirements and operate within an effective performance management framework.
- 4 Can be easily accessed by communities and will attract applications, including the provision of additional support through a project intermediary or utilising ESIF Technical Assistance.
- 5 Maximises the level of funding being available to provide services to beneficiaries - promoting effective and efficient collaboration and avoiding duplication.
- 6 Promotes social value and social innovation, within an approach that delivers our ESIF Strategy, ESIF Core Delivery principles and excellence in equalities and environmental sustainability.

#### Sept 2015 – Proposed Community Programme Design

Rob Crowder chaired a steering Group, which drew on technical support from One East Midlands to develop a proposal that was considered by the ESIF Committee on 24<sup>th</sup> September 2015. The Committee accepted the report's recommendation for an 'integrated' approach, drawing funding from a number of ESIF themes, as set out below;

#### ***"Option 2: Integrated community programme***

*Under this option the LEP would procure 1 or 2 integrated projects which combine multiple elements of possible activities identified as part of the consultation as current gaps. Projects could deliver some or all of a combination of:*

- *Inclusion grant fund (with or without developmental support)*
- *Small business support – including business networking*
- *Small business grants – with focus on increasing productivity, maximising use of new technologies and improving resource efficiency*
- *Community asset / community enterprise development support*
- *Volunteering coordination*
- *Skills support – with focus on apprenticeships and traineeships to support local business needs and the needs of businesses in new or emerging markets*
- *Supporting engagement between businesses and their local communities – with an inclusion focus*
- *Direct support to low carbon projects at community level*

<b>Strengths</b>	<b>Weaknesses</b>
<ul style="list-style-type: none"> <li>• Upholds the concept of community reach and benefit</li> <li>• Delivers the 'connectivity' identified as the greatest barrier to local growth</li> <li>• Bridges the gap between local economic needs and inclusion</li> <li>• Promotes joint working between sectors, agencies, businesses and communities</li> </ul>	<ul style="list-style-type: none"> <li>• Complex project requiring multiple partners.</li> <li>• Match may be difficult to identify across the whole project package</li> <li>• May require an increase in the ERDF funding available – strengthening support under low carbon, resource efficiency or ICT</li> </ul>

This approach would require 'intermediary bodies' to apply for ESIF funding and contract with other groups as necessary to implement the programme.

In agreeing the overall approach, the Committee also stipulated that;

- The programme should have 4 geographic elements – Derby, Derbyshire, Nottingham and Nottinghamshire
- Any delegated grant programme should provide for an element of match funding to encourage commitment from the projects.
- Any voluntary organisation contracted with must have the financial capability to deliver projects
- An Implementation Plan is developed.

### **Technical challenges to implement proposed approach**

Since this point, LEP officials have been negotiating with officials of the Managing Authorities to develop a plan to implement the preferred approach. However, a number of 'technical' challenges have arisen;

- The Managing Authorities are unwilling to allow 'combined' calls to promote projects that deliver across 'themes'. Calls are only permissible on a theme by theme basis under ERDF and on an Investment Priority basis under ESF.
- CLG are unwilling to allow ERDF calls for projects requiring less than £500k in match funding at a 50% intervention rate. There is potentially more flexibility in ESF.
- Changes in the £/€ exchange rate and a re-profiling of resources by the Managing Authorities have reduced available budgets and placed particular pressure on available resources in Theme 3 – SME Competitiveness (See Appendix A)
- There is a lack of clear guidance on eligible activities and state aid definitions to support low carbon implementation

### **Where Are We Now?**

We have a commitment to implement a Community Programme and a preferred 'integrated' approach to delivery. However it is clear that ***the integrated approach is not currently viable given the constraints placed on the process by the Managing Authorities***

So, the ESIF Committee has a choice;

1. To continue to try to secure flexibilities from the Managing Authorities to pursue the preferred approach, with no guarantee of success
2. To refine the proposed approach to enable a modified community programme to be delivered

## **Proposal**

LEP officers consider that in the light of the various restrictions affecting the delivery of the 'integrated' approach a revised 'modular' approach is taken to the implementation of the Community Programme.

The initial focus would be on Investment Priority 1.4 'Active Inclusion', where the greatest amount of the proposed funding for the Community Programme is allocated.

The proposed focus of the call would be to support activities that go beyond and add value to existing activity, particularly that to be contracted under the Building Better Opportunities programme. This would be the 'social inclusion' module.

It is suggested that we do not 'over-define' the detail of what would be funded under the call but should focus on delegated small grants to smaller groups / areas to extend reach of inclusion support, particularly through supporting structured and coordinated volunteering to progress towards economic activity. Advice and feedback on this is welcomed.

An intermediary body or bodies would be required to apply for ESIF funds, provide match funding, and operate a delegated grant programme as necessary. Consideration should be given to how far the intermediary body could provide a 'cash and support' model whereby expertise, mentoring and "hand holding" support is provided as part of a package alongside a small grant to a community group

To implement the proposal a 'call document' would need to be drawn up that details the strategic context, the eligible activities and apportioned spend and outputs by the four contract areas of Derby, Derbyshire, Nottingham and Nottinghamshire.

Once eligibility issues are clarified with Government, it is proposed that the next 'module' of the Community Programme would be a 'low carbon communities' programme, drawing on ERDF funding under Priority Axis 4.

It would be proposed that the implementation of the programme would be accompanied by an extended phase of support for applicants, funded by Technical Assistance support, similar to the 'Partnership Development' programme that accompanied the Building Better Opportunities call process, although the type and phasing of the support needed still needs closer examination. This would aim to support the 'delivery readiness' of potential applicants.

## **Recommendation**

SIAG is asked to

- Consider and endorse implementing a phased 'modular' community programme
- Consider and endorse the first module being a 'social inclusion' module to add value to the Building Better Opportunities programme
- Advise on all the content and focus of modules of the Community Programme

**Matt Wheatley**

17/03/2015

**APPENDIX A: Current Indicative Spend / Commitments: D2N2 ESIF, Feb 2016**

	ERDF	ERDF	ERDF	ERDF	ERDF	ERDF	ESF	ESF	ESF	EAFRD	
	1 (1)	2 (2)	3 (3)	4 (4)	5 (5)	6 (6)	1 (8)	1.4 (9)	2 (10)		
Theme	Innovation	ICT	SME Competitiveness	Low Carbon	Climate Change	Envnt / Res Eff	Employment	Social Inclusion	Skills		Total ESIF
REVISED ALLOCATION (€)	€23,383,097	€15,810,800	€44,664,062	€29,011,892	€6,341,275	€6,123,022	€46,191,356	€24,045,047	€48,436,356	€6,898,081	€250,904,988
Feb_16 Sterling value (€1=£0.78)	£18,238,816	£12,332,424	£34,837,968	£22,629,276	£4,946,195	£4,775,957	£36,029,258	£18,755,137	£37,780,358	£5,380,503	£195,705,891
Community Programme	£-	£-	£732,460	£1,025,444	£-	£-	£1,220,767	£2,000,000	£1,220,767	£-	£6,199,438
TOTAL current commitment	£18,727,325	£4,567,177	£36,080,501	£8,622,657	£-	£-	£18,697,619	£9,836,466	£14,258,456	£-	£110,790,201
94% Performance Reserve	£17,144,487	£11,592,479	£32,747,690	£21,271,519	£4,649,423	£4,489,400	£33,867,502	£17,629,828	£35,513,536	£5,057,673	£183,963,537
Balance (Perf Reserve)	<b>-£1,582,838</b>	£7,025,302	<b>-£3,332,811</b>	£12,648,862	£4,649,423	£4,489,400	£15,169,883	£7,793,362	£21,255,080	£5,057,673	£73,173,336
% under / over Perf Reserve	<b>-9.2%</b>	60.6%	<b>-10.2%</b>	59.5%	100.0%	100.0%	44.8%	44.2%	59.9%	100.0%	39.8%

**APPENDIX B: Potential Outputs: Social Inclusion Module**

Social Inclusion	2015-2017	2018-2020	Average Allocation per Participant	No of Participants	53%	47%	54%	0%	39%	20%	10%	29%	0%	0%	0%	0%	0%
					Men	Women	No of Unemployed	Long Tem Unemployed	No of Inactive	50+	Ethnic Min	Disability	Basic Skills	Single	Below 25	26-29	SME
Building Better Opportunities	7,836,466		£3,922.16	1,998	1,059	939	1,079	0	779	400	200	579	0	0	0	0	0
Community Programme	1,000,000		£1,023.75	977	518	459	527	0	381	195	98	283	0	0	0	0	0
<b>TOTAL</b>	<b>8,836,466</b>	<b>8,235,517</b>		<b>8,570</b>	<b>4,542</b>	<b>4,028</b>	<b>4,628</b>	<b>0</b>	<b>3,342</b>	<b>1,714</b>	<b>857</b>	<b>2,485</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<i>BALANCE</i>	0	0		2,260	1,408	852	1,082	0	1,018	356	233	665	0	0	0	0	0