

To: Economy and Jobs Policy Board

On: 16th November 2016

Report by: Director of Development and Housing Services

Heading: European Structural Funds 2014-20 Update

1. Summary

- 1.1 This report provides a further update, from the 31st August Board, of the current EU funding to Renfrewshire Council from the 2014 – 20 EU Structural Funds Programme.
- 1.2 The report highlights an application for additional ERDF resources and an update on the longer term (post 2018) position following the most recent UK Government announcement.
- 1.3 The report also indicates some ongoing concerns with regards to the EU LEADER rural development programme funding.

2. Recommendations

- 2.1 It is recommended that the Board:

- Note and approve the intention to bid for additional ERDF resources for Renfrewshire now that the Business Gateway contract has moved to an in-house delivery model;
- Note the concerns, and the action taken, in terms of providing more security around the EU LEADER programme
- Note the additional security provided through the UK Government in terms of unsecured EU funding and Brexit.

3. Background

- 3.1 The August 2016 Economy and Jobs Policy Board considered a report around future EU funding to Renfrewshire as a result of the Brexit. The report outlined the 2014-20 EU programmes for Scotland:

- ESF Pipeline;
- Youth Employment Initiative (ESF);
- Poverty and Social Inclusion (ESF);
- Business Competitiveness (ERDF).

3.2 The previous report indicated that the 2015-18 elements of the EU Structural Funds programme were identified as relatively secure as applications had been submitted and received and all formal paperwork had been signed off. However the 2018 – 20 Programmes were very much at risk.

3.3 Information on the EU LEADER Programme, which is separately funded through the Rural Development Programme, was not available for the last meeting but has become clearer over the past month and an update is provided in Section 5 of this report.

3.4 The main future financial risk for Renfrewshire was identified as the uncommitted 2018 – 20 EU programme which was estimated at around £2.4M. This funding was notionally allocated to Renfrewshire but had not been formally committed and so represented a future risk. An update on this position is provided in Section 4 of the report.

4. UK Government Update

4.1 The previous Board Report outlined the UK Government commitment to honour all EU funding committed before the Autumn Statement (23rd November 2016). While this provided some assurances it was also a tight timescale for which to get offers of grant approved from the Scottish Government.

4.2 A further update was issued during October to extend this timescale. Philip Hammond announced (3rd October), that the EU allocations were further guaranteed by the UK Government:

“Where the devolved administrations sign up to structural and investment fund projects under their current EU budget allocation prior to Brexit, the government will ensure they are funded to meet these commitments.”

4.3 This extends the opportunity to formally commit to EU funded programme by over two years and makes the currently unallocated resources for Renfrewshire for the 2018-20 period (over £2.5M) more secure.

5. EU Leader Programme

5.1 Formal approval of the Renfrewshire LEADER Programme was received in December 2015 and an offer of grant of £2,324,196 (covering Renfrewshire, East Renfrewshire and Inverclyde) was subsequently made by the Scottish Government.

5.2 Renfrewshire Council has returned the Service Level Agreement paperwork to Scottish Government. The SLA was signed off by the Minister on 30th December 2015 and the programme is now live.

5.3 To date there had been little information on what Brexit would mean for the LEADER Programme. Anticipated annual spend (outlined below) had been estimated over the full duration of the programme until 2020 but was an estimate and not fixed.

	2016	2017	2018	2019	2020	TOTAL
PROGRAMME TOTALS	£386,000.00	£389,840.00	£358,307.00	£300,000.00	£309,000.00	£2,324,196

5.4 It was anticipated that the LEADER programme would benefit from the extended period of security outlined by Philip Hammond. However, at the most recent LEADER Co-ordinator meeting the Scottish Government Official advised that future funding is uncertain depending on the Scottish Government response to the Autumn Statement. At present Renfrewshire has an “indicative” allocation which now appears to be under pressure of either being reduced or not sufficiently “confirmed” to be covered under the UK governments’ commitment.

5.5 A letter has now been sent to Fergus Ewing asking for guarantees around funding for the LEADER programme and, if the guarantees cannot be made, a timescale for knowing this and a commitment that any cuts will not impact on contracted staffing levels already approved across the Leader network for the delivery of the programme.

5.6 An update on the LEADER funding will be provided at a future date to Board.

6. Business Competitiveness (ERDF Applications)

6.1 It was previously reported that the ERDF notional allocation for the Greater Renfrewshire area (incorporating Renfrewshire, East Renfrewshire and Inverclyde) had not been maximised and that there was capacity for further applications from that source.

6.2 Now that Business Gateway services have been brought in-house and are not part of a contractual arrangement there is more capacity to augment services using EU funding and to add value to the existing programme.

6.3 As such it is proposed to submit an application to secure a further £65k per annum, over 2 years, for the further development of Business Growth services to business in Renfrewshire. The match funding for this (approximately £97k per annum) would come from the existing Business Gateway funding.

6.4 A further report on the delivery of Business Services, incorporating the new model for Business Gateway delivery in Renfrewshire and the application for increased ERDF funding, will be presented to Board in the New Year. This will set out the delivery approach for the 2017 and 2018 calendar years.

6.5 Further reports on the implications of our exit from the EU will be brought forward to future board meetings.

Implications of the Report

1. **Financial** – if successful then the new ERDF application would source an additional £130k over two years in ERDF support with match funding from existing budget sources.
2. **HR & Organisational Development** – The funding would support 2 additional Business Advisors – these will be outlined in a scheme of delegation report once the funding is secured
3. **Community Planning – Jobs and the Economy** – The projects supported by EU funding will support the development of the Renfrewshire economy and increase life chances for the economically excluded.
4. **Legal** - none
5. **Property/Assets** - none
6. **Information Technology** – none
7. **Equality & Human Rights** -
The Recommendations contained within this report have been assessed in relation to their impact on equalities and human rights. No negative impacts on equality groups or potential for infringement of individuals' human rights have been identified arising from the recommendations contained in the report as it is for noting only. If required following implementation, the actual impact of the recommendations and the mitigating actions will be reviewed and monitored, and the results of the assessment will be published on the Council's website.
8. **Health & Safety** – none
9. **Procurement** – none
10. **Risk** – none
11. **Privacy Impact** - none

List of Background Papers

Economy and Jobs Policy Board:

- European Social Fund Programme Applications 2014 – 2020 – 18 March 2015
- EU Structural Funds Programme 2014-20 - Business Competitiveness – 2 September 2016
- European Structural Funds 2014-2020, 31st August 2016

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