
**Manchester City Council
Report for Resolution**

Report to: Economy Scrutiny Committee – 27 August 2014

Subject: European Structural and Investment Funds
Investment Plan 2014 - 2020

Report of: Chief Executive

Summary

This report provides an update on the Greater Manchester European Structural and Investment Funds Plan for 2014-2020, the key themes and relationship with the Greater Manchester Strategy. It sets out the next steps in terms of implementing the new programme.

Recommendations

The Committee is invited to note the priorities in the programme and the opportunity that exists to maximise the benefits for Manchester. In particular it should be noted that European Social Funding will come within the remit of the Plan and Greater Manchester will have a far stronger influence on its use than previously.

Wards Affected: All

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Background documents (available for public inspection):

The following documents disclose important facts on which the report is based and have been relied upon in preparing the report. Copies of the background documents are available up to 4 years after the date of the meeting. If you would like a copy please contact one of the contact officers above:

- 1) 2014-20 GM ESIF Investment Plan Summary
- 2) 2014-20 GM ESIF Investment Plan

1.0 Background

1.1 The next European Programmes cover the period 2014-2020. Greater Manchester has been developing its Structural Funds programme for this period. New arrangements with Government see greater local control over the shape of the programme and the projects that will be funded. It also has seen a major shift with European Social Funds being included within the programme rather than being invested at national level as has been the case in the current programme. This report sets out the key features of the European Structural and Investment Fund Plan for Greater Manchester and the next steps in terms of implementation.

2.0 European Structural and Investment Fund (ESIF) Plan

2.1 Greater Manchester has been allocated €415m (about £356m) to support its priorities in the next European programming period from 2014 until 2020. The GMCA and LEP have submitted a draft plan which sets out the strategic themes and activities that will be supported by this funding.

2.2 The strategic themes of GM's European Investment plan align with the recently updated Greater Manchester Strategy (GMS), which is the overarching vision for Greater Manchester and the GM Growth and Reform Plan. The GMS has a very clear ambition for the conurbation: it combines plans for reforming public services with a continued drive for growth and prosperity for the benefit of the city and its residents. The Plan takes account of the constraints of European funding rules but seeks to maximise the flexibility to support priority projects. This builds on Manchester's considerable experience of delivering with ERDF in previous programmes.

2.3 The themes underpinning the GM European Structural and Investment Fund Plan reflect those in the Greater Manchester Strategy and are:

- Competitive Places (ERDF)
- Science, innovation and knowledge economy (ERDF)
- Competitive business (ERDF)
- Low Carbon (ERDF)
- Skills, employment and inclusion (ESF)
- Supporting reform (ESF)

2.4 There will be close linkages across the programme between ERDF and ESF projects. The ERDF programme is focussed on growth and competitiveness. Within the ESF programme, the Skills theme will help to link residents to job opportunities and the Reform theme directly supports our reform programmes with a focus clearly on the GMS priority to build independence and raise expectations through public sector reform.

2.5 The proposed activities, and the proposed allocation of funds under each theme is summarised in the table at Annex 1. The outputs of the programme will include over 6,500 jobs. The activities supported by European funds are aligned with GM's wider investment plans. This will ensure that the proposed

European funded activities support GM's strategic ambitions around economic growth and reform and make the best use of the funds available.

It is planned that 60% of GM's allocation should be invested in activities using Financial Instruments. This means that rather than giving grant funding, the funds will be invested in projects, and then paid back over an agreed period. Financial instruments allow funding to be used again – to be recycled- to support activities that help GM's businesses and residents. We have chosen this approach because this will increase the impact of the funding allocation as can re-cycle the funds, increase our leverage over private sector funding, and secure maximum outputs for each £ spent.

The current NW Evergreen and NW Venture Capital Loan Funds (the NW Fund), have a strong track-record of delivery and Greater Manchester has benefited greatly from investment by the Funds with a significant focus of investments on the regional centre where the Fund Managers have been able to make investments that support jobs and growth in the City. Our plan is to capitalise on the success of these two Funds in the new programme period.

- 2.6 However, we realise that not all the activities GM wants to encourage can be funded in this way; we are therefore proposing that significant allocation of funding, in the skills, employment and reform agendas, and modest allocations in the place, science and low carbon themes are available as grant funding. This includes grant available to invest in our science asset base allowing us the opportunity to capitalise on other major grant awards and build on the current investment in assets such as the National Graphene Institute.
- 2.7 The drafting of the European Investment Plan has been overseen by the Greater Manchester Local Management Committee (GMLMC). This committee is accountable to the GM Local Enterprise Partnership (LEP) and the GM Combined Authority (GMCA). The committee includes representatives from a range of stakeholders including: GMCA and LEP members, and other representatives of the private community and voluntary sectors, higher education, trade unions and the Local Nature Partnership. This will formally be a sub-committee of Growth Programme Board established by Central Government to oversee EU funding. Once the programme is running it will be overseen by the GMLMC. Councillor Sue Murphy is a member of the GM LMC.
- 2.8 Greater Manchester's role will be to define calls for projects and criteria by which these will be evaluated, undertake strategic appraisal (fit with GMS, value for money etc) and, working with CLG (who will be the managing authority for both ESF and ERDF and who will formally issue calls and undertake the technical appraisal) recommend projects to GMLMC for approval. Once signed off by GMLMC, CLG will then contract with projects unless there are clear technical eligibility reasons why a project cannot be progressed. This reflects the fact that CLG do have the ultimate say on whether a project progresses. Where a project which GM has approved cannot progress, CLG will be accountable to explain the reasons for this to the GM LMC.

3.0 Current Position

- 3.1 The UK Government has now submitted the Partnership Agreement which sets out an overall framework for the use of EU funds in the UK to the European Commission. The ESF and ERDF Operational Programmes for England, detailing exactly what the money can be spent on were submitted to the European Commission in July. The Commission is likely to sign off the Partnership Agreement and Operational Programmes in late 2014 and therefore the most likely start date for “calls for projects” will be January 2015 although this is out of GM’s control and these programmes have a history of delayed starts at EC and UK level.
- 3.2 There is a lot of work to be done before the Operational Programmes are signed off to ensure the GM calls for projects can be issued at the start of the process by the Department of Communities and Local Government. We want to make early progress and be able to begin issuing calls as early after the start of the programme in 2015. This includes making decisions in Greater Manchester about whether we want to ‘opt-in’ to any of the government programmes that will provide match funding – for instance in relation to skills and reform. Work to assess these options is continuing at GM level with negotiations under-way with opt-in organisations to agree what they could provide in terms of match funding and services for GM. This approach provides a large pool of match funding for GM but we need to ensure that the providers can work with us to develop and deliver a programme that is GM-led and directly meets our Skills and Reform objectives.
- 3.3 A full communications plan is being put in place to ensure that the widest range of stakeholders are aware of the availability of EU funding within GM and also that expectations are being managed. This plan is being managed by the Greater Manchester Integrated Support Team and will include information on websites, a regular newsletter, press releases and use of the GM LEP twitter feed. This topic is complex and therefore simplicity of communication will be essential.

4.0 Assisted Areas Map

- 4.1 The European Commission has now signed off the UK Assisted Area map which includes 61 GM wards and covers nearly 80,000 residents and 36,000 companies. The approved map for Greater Manchester, which came into effect on 1 July 2014, is attached at Annex 2. This is a significant improvement on the previous approach as it targets areas of growth potential and economic drivers in the city. This will increase our flexibility in using ERDF/ESF within the City.

5.0 Next steps for Manchester

- 5.1 Manchester City Council has been fully involved in the design of the programme overall and the development of a strong pipeline of projects. This is important if we are to maximise the benefits to the city and ensure that it delivers jobs and training opportunities for Manchester residents as well as

supporting new businesses and redeveloping brown-field land. There is a particular focus on ensuring that we can shape projects to deliver the outputs related to the European Social Fund and connecting these wherever possible to our wider investments as a city to ensure maximum benefits.

GREATER MANCHESTER LEP
EUROPEAN STRUCTURAL & INVESTMENT FUNDS
PROGRAMME 2014-20 OVERVIEW c. £356m (€415m)



European Structural and Investment Funds
Growth Programme for England (2014-2020)

EUROPEAN REGIONAL DEVELOPMENT FUND (ERDF)

FUNDING

Evergreen - £13m
Evergreen Grant - £9m

TOTAL - £22m

COMPETITIVE PLACES - ACTIVITIES

1. Sites and premises
2. Town Centres
3. Critical infrastructure

OUTPUTS

4.4ha land developed
£10m private match
380 Jobs

FUNDING

Evergreen- £25m
Grant - £27m

TOTAL - £52 m

SCIENCE & INNOVATION - ACTIVITIES

1. Science/technology assets
2. Science & tech businesses base
3. Societal challenges
4. (Science & tech skills)

OUTPUTS

500 Companies supported
100 new Companies
1425 new Jobs
100 Companies work with
Research Organisations
30 develop new products
30 in new markets
£31m Private Match

FUNDING

NW Fund - £32m
Evergreen - £2 m
Bus Supp Rev - £36m

TOTAL - £70m

COMPETITIVE BUSINESS - ACTIVITIES

1. Start up & growth businesses
2. International competitiveness
3. Access to finance (North West Fund)
4. Supporting companies with tech developments
5. (Leadership, management & mentoring skills)

OUTPUTS

4370 new jobs
6870 Companies supported
1469 New Companies supp
70 Comps develop new market
300 Companies work with
Research Organisations

FUNDING

Low Carbon Investmt
Vehicle - £15m
Evergreen - £10m
Grant – £25m

TOTAL - £50m

LOW CARBON - ACTIVITIES

- Low Carbon investment vehicle
- Whole place low carbon infrastructure/transport
- Whole building energy efficiency, Low Carbon generation
- Support SMEs in the low carbon sectors
- Energy/resource efficiency in all sectors
- (Low carbon skills - ESF)

OUTPUTS

420 new jobs
1600 Companies supported
120 Comps new products
£25m Private Match
71,000 tonnes Greenhouse
Gas reduction

EUROPEAN SOCIAL FUND (ESF)

FUNDING

Grant - £135m
Social Innovation
Driver - £3m

TOTAL - £138m

**SKILLS, EMPLOYMENT & INCLUSION
ACTIVITIES**

- Support young people
- Employment support to long term unemployed
- Employer-led workforce development
- Support training providers
- Innovative models for community /social enterprise

OUTPUTS

92538 people trained
30322 of which unemployed
23516 of which inactive
33249 of which 15-24
39000 of which employed

FUNDING

Grant - £24m

TOTAL - £ 24m

SUPPORTING REFORM - ACTIVITIES

1. Employment/skills linked to Public Service Reform
2. Support those affected by Welfare Reform
3. Support those with health related barriers
4. Tackling other barriers to work/low skill

OUTPUTS

24000 people trained
10833 of which unemployed
10833 of which inactive
7440 of which 15-24
2333 of which employed

GM has also been allocated €524037 (c £419,593) from European Agricultural Fund for Rural Development (EAFRD)

Regional Aid Map

Greater Manchester wards included in the UK Regional Aid map submitted to the European Commission for approval

Source: 2011 Census

