

**Meeting of the Cabinet - 19<sup>th</sup> March, 2008**

**Report of the Director of the Urban Environment**

**European Structural and Social Funds 2007-13**

**Purpose of Report**

1.
  - To advise the Cabinet on the new 2007-13 European Programmes.
  - To seek permission to work up proposals to maximise the take up of European funds to assist in delivering the Council's priorities.

**Background**

2.1 The Regional Competitiveness & Employment Objective (RCE) will be the successor to the 2000-2006 Objective 2 and Objective 3 programmes and will be the source of European Structural Funds in the West Midlands from 2007 to 2013.

2.2 Like previous European Structural Funds programmes, RCE is about:

- Reducing disparities between regions;
- helping those that are lagging behind address areas of market need; building on areas of opportunity to promote social cohesion and economic growth.

RCE links closely to the ambitions of the Lisbon Agenda (the European Competitiveness Strategy). It has a strong focus on the knowledge economy, innovation, enterprise, and job creation, in addition to sustainable development and social inclusion.

2.3 RCE is made up of two types of funding:

- European Regional Development Fund (ERDF) - which finances investment to create jobs and aid to small firms (for which there will be a regional programme managed by the Regional Development Agency - AWM)
- European Social Fund (ESF) – which funds training and skills (for which spending will be in the context of a national programme).

2.4 The European International Affairs Partnership (a partnership group of the West Midlands Regional Assembly) established a steering group to prepare the regional Operational Programme. This steering group comprises of regional representation from the Learning and Skills Council, Jobcentre Plus, Higher Education, Local Authorities, Natural England, Government Office for the West Midlands and Advantage West Midlands. Government Office chairs the group and the AWM acts as the strategic lead.

- 2.5 The Operational Programme must be written according to EU and UK guidelines. It contains
- The strategy and evidence behind the programme priorities;
  - Information on what can be funded;
  - How much money is allocated to each priority;
  - How it will be delivered and evaluated.

The Operational Programme was agreed with the Commission in December 2007.

## 2.6 ERDF - Programme Priorities

Unlike the 2000 – 2006 Objective 2 programme, no general geographical restrictions have been imposed on the new European Structural Funds programmes. However, with reduced funds of £262m for 2007-13 compared to £497m for 2000-2006 European Structural Funds programme, it is essential that concentration be achieved to ensure maximum impact.

Four priorities for the ERDF Programme are:

### 2.6.1 Priority 1: Innovation and Research & Development – Total £98m

- To stimulate increased, and improved, investment in research, development and innovation through collaboration between public and private sectors;
- To enable access to the knowledge generated, and other relevant knowledge, to increase exploitation and innovation in the region.
- Focused on activity which supports the five “innovation” clusters:
  - Health and medical technologies
  - Energy
  - Advanced materials & nanotechnology
  - Digital Media (& ICT)
  - Transport Technologies;
- There are four main categories of assistance
  - Stimulation Business Demand for Innovation - £32.5m
  - Stimulation Knowledge Transfer - £29.5m
  - Retaining and maximising the value of skilled people - £12m
  - Building Demonstrators - £24m

### 2.6.2 Priority 2: Enterprise Development – Total £90m

- To provide demand-led, targeted business support for SMEs to start up, grow, diversify, exploit opportunities and enter new markets;
- To remove barriers that entrepreneurs and existing SMEs face in accessing appropriate finance and support.
- Aligned with Enterprise Board and Business Support Simplification Model
- Operate across all business Clusters
- Three main portfolios of assistance:-
  - Improving business performance - £31.5m
  - Developing applied innovation activity and improving resources efficiency - £16.2m
  - Developing entrepreneurial activity - £42.3m

### 2.6.3 Priority 3: Sustainable Urban Development (SUD) – Total £70m

- To support communities in need to increase their economic viability and to

- help these communities access the take up of new jobs;
- To create new employment opportunities in areas co terminus or close to communities in need through the restructuring / reuse and introduction of new uses in older employment areas.
- Portfolios of assistance:
  - Employment Creation - £42m
  - Community Innovation - £24.5m
  - Wider Employment and Community Actions – 3.5m
- Under this Priority the Council has been working with Sandwell MBC, as the package owners, on an Expression of Interest to AWM. On Friday 11<sup>th</sup> January 2008, notification was received from AWM that the Expression of Interest for £12m, for Dudley and Sandwell, had been successful. A South Black Country package plan is now being developed, in conjunction with Sandwell MBC and the consultants Ecotec.

#### Priority 4: Inter-regional Activities – Total £4m

2.6.4

This fund will be available to support region-to-region study visits, placements or exchange of best practice, which adds value to the main priority activities and to form partners for post 2013 activity.

### **2.7 ESF - Programme Priorities**

Funding will be available through the National ESF programme, which will have two priorities under the Regional Competitiveness and Employment (RCE) Objective:

#### **2.7.1 Priority 1: Extending Employment Opportunities**

To increase employment and to reduce unemployment and inactivity. It will help to tackle barriers to work faced by disadvantaged groups such as people with disabilities and health conditions, lone parents and other disadvantaged parents, older workers, ethnic minorities, and people with no or low qualifications. It will also aim to reduce the numbers of young people not in education, employment or training.

#### **2.7.2 Priority 2: Developing a Skilled and Adaptable Workforce**

To develop a skilled and adaptable workforce by: reducing the number of people without basic skills; increasing the number of people qualified to level 2 and, where justified, to level 3; reducing gender segregation in the workforce; and developing managers and workers in small enterprises. There will be a particular focus on the low skilled.

2.8 The regional arrangements for delivering the new ESF Programme 2007-2013 are developing well. There are two Co-Financing Organisation (CFOs) in the West Midlands Region – the Department of Work and Pensions (DWP) and Learning and Skills Council (LSC). The matched funding will be provided by these two organisations for the first plan period 2007 -2010 to address the issues of worklessness and improving access to the labour market for disadvantaged people, giving a total plan of £270m.

2.9 The LSC Co-Financing Plan, which accounts for in excess of £200m of the

above total, has been developed in partnership with the West Midlands Local Government Association (WMLGA). The partnership approach is governed by a Joint LSC/WMLGA Memorandum of Agreement (MoA). DMBC's approval to this Memorandum is required.

- 2.10 We are proposing to maximise the take up of ERDF & ESF through working with Advantage West Midlands, Black Country Consortium, WMLGA and the LSC also, a wide range of partners to develop potential schemes that support the delivery of Dudley's priorities.

### **Finance**

- 3.1 There is no requirement for the Council to provide match funding towards the ESF 2007-10 programme as successful applications will be funded through the LSC Co-financing arrangements.
- 3.2 For the EDRF programme, there may be a need for the Council to identify match funding resources, and it is anticipated that existing funding streams could be used for this. In addition we will be seeking external sources of funding towards proposed expenditure.

### **Law**

4. Section 2 of the Local Government Act 2000 enables the Council to anything which it considers is likely to achieve the promotion or improvement of the economic, social or environmental wellbeing of the Borough.

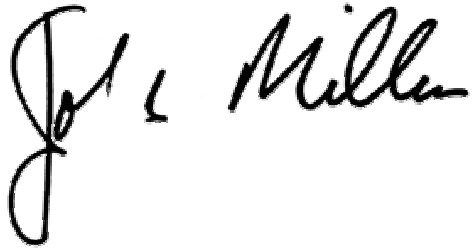
### **Equality Impact**

5. The EU funding is primarily concerned with generating stronger and sustainable economic growth. A stronger economy will drive higher quality job creation and promote social inclusion. A number of consultation events will be held throughout the implementation of the programme and some will be held for young people across the Borough, to ascertain their views on the future shape and direction of the implementation of the programme.

The ESF funding is committed to improving the life chances of residents, and many of the programmes will be aimed at improving the skills and employment prospects of disadvantaged groups and areas.

### **Recommendations**

6. It is recommended that Cabinet:-
- Note the contents of this report
  - Adopt the ESF Co-financing (CFO) LSC/WMLGA Memorandum of Agreement
  - Approve investigating proposals for maximising the take up of both ERDF & ESF resources to assist the delivery of key priorities identified by the Council and its partners.



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**List of Background Papers**  
ESF Co-financing (CFO) LSC/WMLGA Memorandum of Agreement