

Audit and Risk Committee

13 March 2017

Report title	EU Funding Briefing for Audit Committee	
Accountable director	Keren Jones, City Economy	
Originating service	Skills	
Accountable employee(s)	Heather Clark	Service Development Manager
	Tel	01902 555614
	Email	Heather.Clark2@wolverhampton.gov.uk
Report to be/has been considered by	N/A	

Recommendation(s) for action or decision:

The Committee is recommended to:

1. Note projects currently being funded by European Structural and Investment Funds (ESIF), those in the pipeline and the potential impact of Brexit.

1.0 Purpose or recommendation

- 1.1 To note projects currently being funded by European Structural and Investment Funds (ESIF), those in the pipeline and the potential impact of Brexit.

2.0 Overview

- 2.1 The report provides an update on European Structural and Investment Funds (ESIF) funded projects awarded directly to the City of Wolverhampton Council and indirectly via the Black Country.
1. What has been awarded, is currently being deployed and spend to date;
 2. What funding applications are in the pipeline for circulation/approval; and
 3. What future potential bids could be made.
- It also provides an overview of the potential impact following the result of the referendum on the UK membership of the European Union in terms of impact on EU funding.

3.0 Background and context

- 3.1 The Black Country European Structural and Investment Fund (ESIF) Strategy, developed on behalf of the Local Enterprise Partnership (LEP), outlined the Black Country's priorities for allocating European funding between 2014 and 2020. The Black Country's allocation between 2014 and 2020 was €177 million split 50/50 between European Regional Development Fund (ERDF) and European Social Fund (ESF).
- 3.2 The United Kingdom European Union membership referendum, also known as the EU referendum took place on 23 June 2016 to gauge support for the country's continued membership in the European Union. 51.9% nationally voted to leave the EU.
- 3.3 Wolverhampton and the City of Wolverhampton Council has benefited from significant EU funded projects in the past and has been very proactive bidding for resources under the 2014-20 programme. Funding already approved has been committed and is not affected by the Brexit vote. DWP have confirmed that existing projects with legal contracts have been underwritten by the Treasury so funding is secure.
- 3.4 The Department for Communities and Local Government (DCLG) are continuing to agree, assess and invite applications for EU funding with the intention of committing the remainder of the Black Country's allocation. Partners are continuing to develop the pipeline of projects for submission right up until the day we leave the EU. Once contracted, EU funded projects run up to three years, so delivery may run up to 2022.

4.0 EU Funding awarded

- 4.1 The following projects have been awarded and are at different levels of delivery. To date, for projects that Wolverhampton are accountable body or delivery partner, projects totalling £16.7 million for Wolverhampton and the Black Country have been approved drawing down £9.2 million European Regional Development Fund (ERDF) resource with a further £3.2 million are being negotiated for environmental projects drawing down £1.4 million ERDF resource. Once funding agreements are signed, projects have been

committed so are not affected by the Brexit vote. Projects are RAG'd below with Green (G) indicating projects where the funding agreement has been signed and Amber (A) indicating projects which are approved in principle subject to entering into a funding agreement.

Funding source, lead and status	EU funded project	Funding and Spend	Delivery Update	RAG
<p>European Social Fund (ESF)/ Youth Employment Initiative (YEI)</p> <p>Dudley MBC leading. WCC delivery partner</p> <p>Approved</p>	<p>Impact in the Black Country supports young people between 15-29 not in employment, education or training (NEET) move towards employment. Funding is being used to fund an local Impact team to deliver the project and procure customised support for the young people</p> <p>The Wolverhampton project has target to engage 3,342 NEET young people, provide 1,733 with a customised support package and support 856 into employment, education and training</p>	<p>£7.9 million for Wolverhampton – £2.9 million ESF, £2.9 million YEI and £2.2 million local match</p> <p>(£51 million available across the Black Country)</p> <p>£400,000 spent (excluding indirect costs) to end December 2016</p>	<p>The project has been actively delivering since August 2016 with 10 key workers appointed. It is currently ahead of profile with 632 engagements, 412 young people with a customised support package and 78 supported into positive outcome.</p>	<p>G</p>
<p>ERDF Priority 3 SME competitiveness</p> <p>WCC accountable body</p> <p>Approved</p>	<p>Black Country Advice Investment and Markets (AIM) will offer specialist support for SMEs pooling business support across four local authorities, the University and Chamber of Commerce, enhanced with specialist consultancy and delivered via the Growth Hub.</p> <p>Project will deliver: 2000 new businesses enquiries 1000 diagnostic and brokerage support 460 business assists 115 new jobs 120 new referrals to national specialist schemes</p>	<p>£1.8 million ERDF towards a total project cost of £3.8 million</p> <p>£231,000 spent (excluding indirect overheads) to 31 December 2016</p>	<p>Funding agreement signed September 2016 with retrospective start of 1 April 2016. Recruitment underway.</p>	<p>G</p>

<p>ERDF Priority 3 SME competitiveness</p> <p>WCC accountable body</p> <p>Approved</p>	<p>Black Country Transformational Growth Opportunities Local Delivery (BCT GOLD) project will issue grants to Small and Medium Sized Enterprises (SMEs) to enable a sustainable step change in their working processes, business development and performance. SMEs will apply for grants using an application process.</p> <p>Project will deliver: 160 business assists 81 new jobs 16 new to firm products 8 commercial buildings built or renovated GVA increased by £14.5m</p>	<p>£1.6 million ERDF out of a total project cost of £5.0 million with £3.4 million private sector match.</p> <p>£25,000 spent (excluding indirect overheads) to 31 December 2016</p>	<p>Funding agreement signed for 1 October 2016 start. Recruitment underway.</p> <p>Launch event held and 25 SME's have already expressed an interest and are being assessed prior to being supported to submit full bids</p>	<p>G</p>
<p>ERDF Priority 6 Environment</p> <p>WCC accountable body</p> <p>Approved in principle pending funding agreement</p>	<p>Black Country Blue Network will create a high quality ecological network with a diverse range of habitats, centred on the area's historically important waterways and associated green spaces. This will be achieved through a three year programme of infrastructure and habitat improvements improve habitats along canals and rivers in the Black Country as well as other key nature greenspaces linked into this blue network. The project will deliver:</p>	<p>£620,000 ERDF out of a total project cost of £1.4 million.</p> <p>Awaiting funding agreement</p>	<p>Approved in principle pending funding agreement.</p>	<p>A</p>
<p>ERDF Priority 6 Environment</p> <p>WCC accountable body</p> <p>Full bid submitted. At negotiation stage.</p>	<p>Bilston Urban Village Strategic Environmental Infrastructure developing high quality nature reserve with improved biodiversity, interpretation and access on derelict and disused green space land in Bilston Urban Village, currently a target for anti-social behaviour. Improved status of nature reserve with biodiversity protection; hectares of land improved</p>	<p>£1.8 million (£800,000 ERDF, match LGF)</p>	<p>Awaiting approval</p>	<p>A</p>

- 4.2 Locally the following Black Country **European Regional Development Fund (ERDF)** projects have been awarded in addition to those mentioned above. These projects have been committed so are not affected by the Brexit vote.
- Walsall Metropolitan Borough Council ERDF Technical Assistance Project supports the development of future applications for EU Structural
 - Access to Business Raising Aspirations Inspiring Self Employment Social Enterprise (RAISE) delivers support to entrepreneurs in the Black Country to set up and run their businesses
 - University of Wolverhampton's Built Environmental Climate Change Innovations (BECCI) working with small and medium enterprises (SMEs) to develop innovative climate change solutions within the built environment.
 - University of Wolverhampton's Innovation Product Support Services (IPSS) supports businesses through the early stages of developing a new product or process.
 - University of Wolverhampton Enterprise Action support entrepreneurs in the Black Country and the Marches areas of the West Midlands to start up a business. The project is primarily aimed at enterprises in the science, technology, engineering and maths (STEM) and creative sectors.
 - University of Wolverhampton Knowledge Exchange and Enterprise Network (KEEN) enables businesses to recruit graduates and access cutting edge university knowledge throughout the duration of the project
 - Groundwork West Midlands Low Carbon Growth Support helps businesses deliver projects that will increase their energy efficiency, reduce their carbon footprint and reduce energy costs..
- A further 13 Black Country projects are in the process of signing off funding agreements.
- 4.3 In relation to the **European Social Fund (ESF)**, memorandums of understanding are now in place with co-financing organisations – the Skills Funding Agency (SFA) and the Big Lottery. Direct bid Funding Agreements have been signed worth £206.0 million.
- 4.4 The following Black Country ESF projects have been awarded:
- Dudley Council bid on behalf of a partnership of the four local authority and Talent Match for the Black Country Impact Project drawing down £34.0 million ESF and Youth Employment Initiative (YEI) towards a total project value of £51.0 million
 - Walsall Metropolitan Borough Council have been awarded the contract to deliver ESF Technical Assistance – £154,000 ESF (£307,000 total).
- 4.5 The Big Lottery Fund co-financed the Black Country's ESF allocation for social inclusion and employment through its Building Better Opportunities Programme comprising of £12.0 million ESF towards a total project cost of £23.7 million. The Building Better Opportunity programme consists of:
- Employment Support for over 24's led by Steps to Work called BBO Bridges Project);
 - Family Poverty led by Black Country Community Interest Company called Family Matters;
 - Targeted Communities Approach led by Heart of England Community Foundation called Community Matters; and
 - Digital and Financial Inclusion led by Walsall Housing Group and Accord called Black Country Click Start Project.

4.6 The Skills Funding Agency has co-financed the Black Country's skills allocation and is funding:

- Skills Support for the Workforce and Response to Redundancy, a contract worth £10.5 million and won by Calderdale College;
- Skills Factory, a contract worth £534,000 delivered by Black Country Consortium;
- Support for the Unemployed, a contract worth £1.9 million and won by Skills Training UK Ltd;
- Information, Advice and Guidance, a contract worth £450,000 and won by Skills Training UK Ltd; and
- Black Country ESF Community Grants Programme, worth £990,000, to deliver small grants to community based organisations, and delivered by Walsall Metropolitan Borough Council.

5.0 Future funding opportunities

5.1 The following projects were submitted by the Council to a recent call for outline applications against Priority 1 Innovation, Priority 4 Low Carbon and Priority 6 Environment.

Priority	Project	Approx. bid value
Priority 4 Low Carbon	Wolverhampton Low Carbon Electric Vehicle Charging Project will rollout electronic vehicle charging points across the city.	£1.2 million total (£600,000 ERDF)
Priority 4 Low Carbon	The Heath Town Lighting Demonstrator project will utilise innovative and new to the market energy efficiency and lighting products to complement the wider redevelopment and regeneration of the deprived Heath Town estate	£2.3 million total (£1.15 million ERDF) match funding Heath Town Capital budget

5.2 Following Brexit, it is anticipated that there will be no further opportunities to benefit from European Structural and Investment Funds, however there is an indication that successful EU funded projects may continue to receive funding from national sources.

6.0 Financial implications

6.1 Wolverhampton and the Black Country benefit from a range of EU funded projects. Currently the City of Wolverhampton Council, as Accountable Body or delivery partner, are involved in EU funded projects at different stages of the approval process amounting to £19.9 million total costs attracting £10.6 million grant. To date, for projects that Wolverhampton are accountable body or delivery partner, projects totalling £16.7 million have been approved drawing down £9.2 million European funding. A further £3.2 million are being negotiated for environmental projects drawing down £1.4 million ERDF resource. The Treasury have confirmed that once funding agreements are signed, projects have been committed so are not affected by the Brexit vote. [ES/06032017/R]

7.0 Legal implications

7.1 On approval, the Accountable Body must enter into a Funding Agreement with the Managing Authority – Department of Work and Pensions (European Social Fund) or Department of Communities and Local Government (European Regional Development Fund). When the projects are Black Country wide, a Collaboration Agreement or Service Level Agreement will be entered into with Delivery Partners to share the risk and ensure compliance with EU rules and regulations. [RB/07022017/H]

8.0 Equalities implications

8.1 Equal opportunities is a cross cutting objective of all European funded bids, therefore must be considered in the delivery of all European funded projects with equalities data are monitored as part of delivery.

9.0 Environmental implications

9.1 Sustainability is a cross cutting objective of all European funded bids, therefore must be considered in the delivery of all European funded projects. Projects being developed in response to the call for outline projects against the low carbon priority have particular potential to have positive environmental implications.

10.0 Human resources implications

10.1 Costs for the project management of externally funded projects are built into project costs with staff recruited on fixed term contracts. The Job Descriptions of employees that are used to match fund these projects, enabling the drawdown of additional resource will need to have some wording and the European flag added.

11.0 Corporate landlord implications

11.1 Costs of housing EU funded staff are included in 15% overhead costs. Once potential EU project that is being developed should there be a further call for projects relates to Future Space.