

## **Oxfordshire European Structural Investment Funds Information Event Background Paper v3 Friday 27 March 2015**

### **Setting the Scene**

European funds are about to go live in Oxfordshire. After nearly two years of work, Oxfordshire Local Enterprise Partnership is delighted to see the first calls for applications launched for what will, over time, lead to around £20m of European Structural Fund investment in the County's strategy for growth and jobs.

#### *What are these funds?*

The European Structural and Investment Funds ('ESIF') are there to help promote *smart, sustainable and inclusive growth* across all member states of the European Union<sup>1</sup>. From now until 2023, billions of Euros will be spent across the continent, €7bn in England, aimed at supporting businesses, helping people into work, protecting the environment, and investing in innovation. Oxfordshire's allocation is:

- European Regional Development Fund £8.26m<sup>2</sup>
- European Social Fund £8.26m<sup>2</sup>
- European Agricultural Fund for Rural Development £2.98m<sup>2</sup>

Deciding what to use the funds for has been the responsibility of Local Enterprise Partnerships for this latest round of European programmes – the Government using the LEP network to identify priorities at a more local level than in the past. LEPs, including Oxfordshire, have been working with local partners both to deploy ESIF funds to the best opportunities, and to fit them in alongside other programmes such as City and Growth Deals.

#### *The different funds*

There are a number of EU Funds, with different purposes. Countries agree with the European Commission the best use of their allocations in relation to local needs and the rules of each fund. England as a whole is relatively well off compared to some other parts of

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<sup>1</sup> 'Smart, sustainable and inclusive growth' is the agreed aim of the whole European Union, set out in detail in the Europe 2020 strategy

<sup>2</sup> These amounts are approximate

Europe (notwithstanding some more 'lagging' areas), and in the main ESIF funds are expected to be used to boost economic growth and help people enter and progress in the labour market. The funds relevant to Oxfordshire are:

- The European Regional Development Fund (ERDF): provides support for business support and development; research and the commercialisation of new ideas; development of small and medium enterprises (SMES) and for start ups and entrepreneurs. It is able to offer access to finance for businesses. ERDF is also required to direct 20% of its spending towards the move to a low carbon economy.
- The European Social Fund (ESF): is a labour market programme helping people get into the labour market; retain and improve their jobs; develop new skills and become more productive. ESF is particularly targeted on people who are furthest from the labour market and who are not making progress through existing employment support, including young people not in education, employment or training (NEET); who are long term unemployed; or receive disability benefits – 20% is allocated to 'Social Inclusion' work. It also supports traineeships and apprenticeships, and work to fill key skills gaps in priority sectors.
- The European Agricultural Fund for Rural Development (EAFRD), as its name suggests, focuses on support for rural areas, aiming to help them develop competitive and diversified economies and to overcome communication and infrastructure shortcomings. EAFRD allows for direct funding support to rural businesses, targeting of key sectors, and provision of advice and guidance. In England, in parallel with LEP directed EAFRD work, there are also 'Leader' partnerships, selected by DEFRA nationally, that support local communities and businesses to develop the local areas

Each Fund is divided up into many different strands, called Thematic Objectives<sup>3</sup>, which describe in detail the goals of the fund and the range activities it will support under different headings. These also set out the indicators which will be used to track progress over time.

In every country, the Government and European Commission agree an 'Operational Programme' (OP) for each Fund, setting out in great detail the economic and labour market conditions, the priority needs for the country, and consequently the different Thematic Objectives which will be available in the country. The OPs for England have been subject to intensive negotiations and will be signed during the Spring of 2015.

They additionally make clear the governance arrangements which will be used to manage and account for the funds in each country<sup>4</sup>.

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<sup>3</sup> Actually the language is rather complicated, with Thematic Objectives; Investment Priorities; Priority Axes; Actions and others. In this document we are using Thematic Objectives (TOs) since our plans have been organised around them and funding allocated in relation to the TO structure. For those bidding for funds TOs are only of practical relevance when it comes to the types of work that can be paid for and the indicators used to monitor progress. These are set out in detail in specific Calls for Applications

<sup>4</sup> Draft ERDF OP (467 pages) here:

[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/342297/ERDF\\_Operational\\_Programme.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/342297/ERDF_Operational_Programme.pdf)

ESF here (126 pages):

[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/354912/esf-operational-programme-2014-2020-draft.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/354912/esf-operational-programme-2014-2020-draft.pdf)

EAFRD here: TBC

## What will be happening in Oxfordshire?

Oxfordshire has agreed an overall economic strategy based on '*growth through innovation*', which seeks to exploit the County's key research, business and natural assets for the benefit of local companies and people. Many of the pieces of the jigsaw to achieve the County's vision are coming into place, with investment agreed for development of research and business facilities; new transport and communications; accelerated house building; new sources of investment funds for business; and hundreds of new training and apprenticeship places.

European funds will work hand in glove with the work of the LEP, the Local Authorities and their partners on these developments, and provide the opportunity to contribute significantly by filling gaps, targeting specific sectors, broadening reach, and working to include people furthest from the labour market in the opportunities being created.

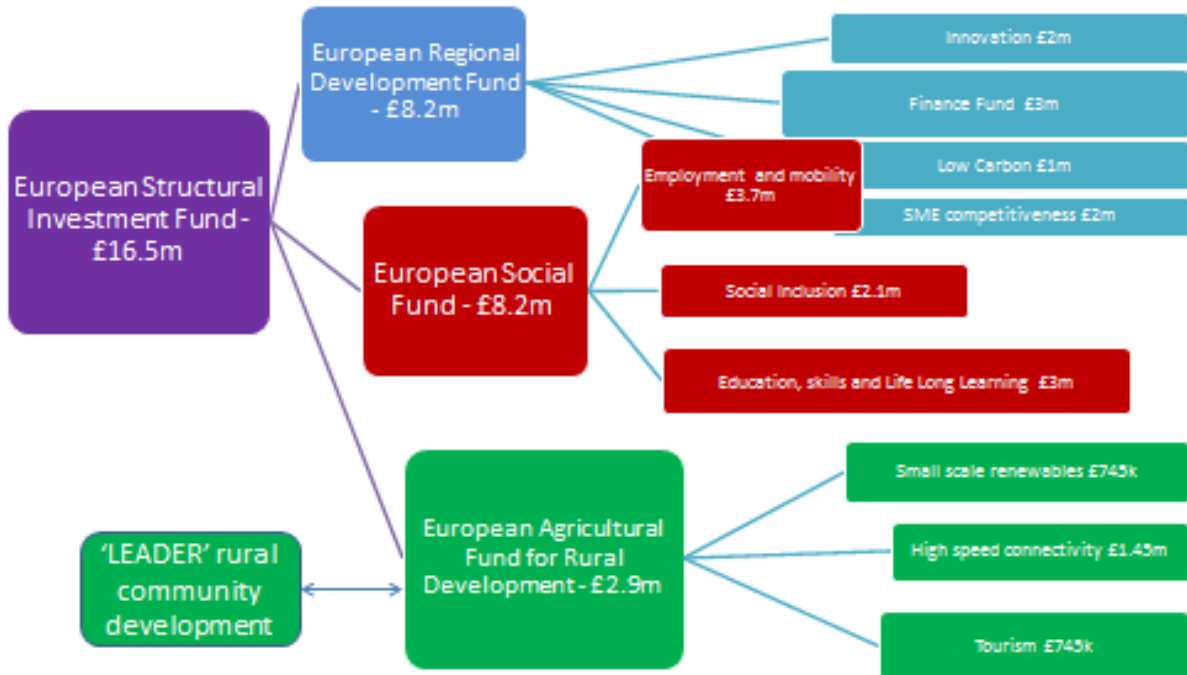
Oxfordshire's European strategy recognizes the need to be focused on a limited set of priority areas – EU funds are limited for the County, and by general agreement will achieve the greatest impact by concentrating on fewer well selected goals. The Strategy supports fewer, larger projects to avoid spreading resources amongst too many projects which lack capacity to make a strategic difference.

The first figure below shows the distribution of EU money across the different funds for Oxfordshire. This shows the ten main areas of work under TOs, with budgets attached to them.

The funds are intended to work together, with for example growth support for businesses under ERDF being supported by parallel work to supply the skills needed to expand. With the EU strategy seeking inclusive growth, Oxfordshire will be running along two lines: our EU Business Support Programme, and our Labour Market and Community Development Programme. The second figure presents the distribution of funds and types of work in more detail under these programmes.

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# Oxfordshire European Structural Investment Fund (ESIF) Strategy



Oxfordshire's ESIF

The Business Support Programme					The Labour Market and Community Development Programme		
<b>1 Innovation: working with Oxfordshire Business Support (OBS)</b>	<b>2 Small business and entrepreneurship development</b>	<b>3 Broadband – meeting the gap</b>	<b>4 Low carbon and sustainable development market</b>	<b>5 Skills, experience workforce development</b>	<b>1 Tackling unemployment and meeting employers needs</b>	<b>2 Inclusion for the young and most marginalised</b>	<b>3 Community based local action</b>
<b>.....Delivered through projects.....</b>							
Networking and social capital building  Commercialisation and investment readiness  Access to Finance Funds	Support for SMEs to grow  Encouragement of entrepreneurship and start-ups  Access to Finance Fund  Targeted tourism and leisure projects	Filling rural gaps in high speed data communications	Building the low carbon market  Developing and demonstrating low carbon technologies  Access to Finance Fund  Small scale renewable projects in rural areas including community based	Women into STEM  Collaboration for placements and SME higher skills development  Apprenticeships in priority sectors  Employment in tourism and leisure  Employment in small scale renewables	Literacy and numeracy for young people  Moving long-term unemployed, sick and disabled people towards the labour market  Retraining older workers  Skills, qualifications and employer links in growth sectors for un, under and marginalised groups	Early intervention programmes to avoid young people becoming NEET, including family interventions  Linking NEET young people to employment opportunities	Community based projects to tackle worklessness and move people towards the labour market

## What are we looking to achieve with the Business Support Programme?

The objective of our business support work supported by EU funds is to make a decisive contribution to an integrated, tailored business support system for Oxfordshire, enabling short term investment via our City Deal programme to be expanded and continued throughout the life of the EU programming period. Although business support should be accessible to all, the Strategy does suggest that priority would be given to the most innovative, knowledge based sectors, potential global leaders, and on those with the greatest potential to grow and create employment. These may be found in any part of the county, and we will be using EU funds to help make sure the opportunity to seek support is available to all those able to benefit from it. We expect to deliver:

- **Stronger entrepreneurial culture** throughout all parts of the county, through support for entrepreneurial skills, improved investor readiness, awareness of potential of social enterprise and use of innovation to improve processes and products
- **Support to high growth potential** entrepreneurs, SMEs, start-ups and researchers to prototype, prove concepts, commercialise, grow and secure finance, access supply chains and engage with global markets
- **Provision of high quality support to SMEs** to strengthen core management and systems, acquire business skills and advice and improve resilience
- **Increased networking and connectivity** between research institutions, businesses, SMEs and start-ups: the lack of fertile dialogue and exchange has been identified as a clear constraint on growth potential. We will in particular be broadening the scope of the existing initiatives in this area, and continuing them into the future
- **Improved access to finance** through increased awareness of available funds, improved investor readiness and creation of co-investment fund to address funding gaps
- **Stronger Low Carbon sector** realising the potential of innovation to drive the development of new products and processes
- **Linking labour market and supply and demand**, with priority placed on meeting the skills and capacity needs of growing and innovating businesses
- A specific project to tackle chronic shortages of high level candidates in the **STEM (Science, Technology, engineering and Maths)** sectors by working with women students and graduates to showcase opportunities and encourage more to use their skills and qualifications in growing industries
- **Providing apprenticeship** places at both entry and higher levels
- **Focussing on our rural areas** by devoting funding to broadband infrastructure in 'white areas' not covered by the Better Broadband for Oxfordshire programme, small scale renewable energy projects and tourism.

## What are we looking to achieve with the Labour Market and Community Development programme?

The objective of the ESIF strategy in relation to the labour market and social inclusion is to help Oxfordshire involve all sectors of society in the world of work and share the benefits of economic growth through innovation across the county. EU funds are an ideal source of investment for labour market interventions focused on the involvement of marginalized and excluded people in the supply side, and on supporting community based initiatives which can contribute to the overall strategy. We will be:

- **Tackling unemployment and meeting employer's needs** – including improving the literacy and numeracy of young people, moving long-term unemployed, sick and disabled people towards the labour market, improving the skills, qualifications and employer links in growth sectors for un, under and marginalized groups.
- Working to include the **young and most marginalized** – including early intervention programmes to avoid people becoming NEET, including family interventions, and linking NEET young people to employment opportunities
- Adoption of a 'bottom up' approach and involvement of local communities, voluntary and community organisations, through a **Community Grants** programme channeling small grants directly to local voluntary and community organisations with the potential to help move socially excluded people closer to the labour market
- **Tackling social exclusion** by focusing on our pockets of entrenched deprivation and distance from the labour market, whilst taking advantage of the job opportunities presented through new developments in the county, such as the Westgate Centre.
- Delivering a targeted project to help **older workers** to retrain to take up new opportunities in the growing labour market, with a particular focus on the Care sector

### **How does all this get delivered?**

All EU funds are ultimately managed by Government departments: Community and Local Government (DCLG) for ERDF, Work and Pensions (DWP) for ESF, and Farming and Rural Affairs (DEFRA) for EAFRD. Given the breadth and diversity of the funds and sorts of work they intended to support, it is no surprise that the mechanics of delivering them varies.

There are a number of common features however. All EU supported provision must:

- be located in the 'eligible area' – in our case Oxfordshire (or its rural areas), although some projects may take place across LEP borders if the LEPs collaborate;
- clearly contribute to one or more of the thematic objectives;
- identify and provide details of clear and attainable targets;
- demonstrate an additional and sustainable benefit to the socio-economic development of the area;
- have a sound funding package in place, identifying who will be responsible for the funds and the sources of match funding<sup>5</sup>;
- not duplicate existing activity, although it could extend it;
- not be a substitute for existing or planned non EU public sector expenditure;
- respect State Aid rules; and

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<sup>5</sup> See below for a bit more on match funding

- follow public procurement rules where applicable – in particular all programmes must be treated applicants in an open and competitive way (OCT)
- be delivered in ways which are sustainable, and which meet clear equal opportunities expectations
- be overseen locally by an ESIF Sub-Committee for each LEP area, which is representative of business and civil society interests

Over the next few years, starting in 2015, there will be Calls for Applications which will invite bidders to seek funds for particular projects or deliver contracts. Some calls will set out broad priorities and ask bidders to put together projects able to deliver the work and results specified. In other parts of the programmes there will be more specific contracts on offer to deliver carefully specified packages of work and support.

### *Match funding*

All EU funds must be matched with funds from England. For ESF and ERDF this is on a 1:1 basis, with the match coming from private or public sources. EAFRD is a bit different, with 60% match required, sourced from private sector sources (this can include charitable funds).

In most cases, particularly in ERDF and EAFRD, match funding has to be found by the organisation(s) bidding for funds, with its source made clear at the time of application. This applies to some parts of ESF, but for others, the match is dealt with centrally. The specifics of this will be made clear at each call for applications as they are made public.

### **What happens next?**

Limited Calls for Applications been launched by some LEPs across England this week (23 March), in advance of the election ‘purdah’ period. Many more will follow from May onwards over the summer and autumn, and on into 2016. There will be a second major round of applications mid way through the funding period, around 2018.

Oxfordshire is part of the first call.

#### **Oxfordshire’s First ESIF Call**

Oxfordshire is joining in the first round with an ERDF business support programme call for applications under the (not terribly clear) EU heading of:

*Supporting the creation and the extension of advanced capabilities for product and service development*

In more accessible language, this call is all about increasing the growth capacity of SMEs. To quote national description of the goals of this call:

*The support provided through this investment priority will help SMEs to develop their capacity. This will look at productivity drivers, including the technological and business infrastructure that will be required to ensure that those SMEs with the potential to grow can*



*do so. This will include strengthening supply chains to take better advantage of globalisation by attracting high growth and innovative SMEs where they can introduce new high value added products or services. The objective is to improve their productivity and help them grow and create jobs.*

More specifically for us, the actions under this investment priority will form part of the Oxfordshire Business Support (OBS) system, with ERDF support used to enhance and extend the services already on offer or under development. We are seeking initiatives which demonstrate a good understanding of the particular issues experienced by SMEs in an area such as Oxfordshire and offer support services able to make a clear difference to their ability to grow through adoption of advanced capacities for products, goods and services. These may include *inter alia*:

- Provision of highly specialised and expert advice, training and consultancy, going beyond generic business advice to address the specific needs of particular sectors, markets and localities. This might include for example issues around intellectual property; investment and financial planning for new production in dynamic and volatile markets; HR strategies where highly specialist skills are needed to adopt new capacities; locating specialised premises or infrastructure; compliance with standards or regulatory regimes; development of new business or production models needed by new products or services
- Support for SMEs in similar or complimentary markets or sectors to network and develop mutual and peer support, for example joint investments in productive capacity; consortium building; joint or shared research and development
- Helping SMEs develop the capacity to participate in high value supply chains particularly where larger Oxfordshire or greater Thames Valley enterprises source elsewhere but could be supplied locally
- Increasing the reach of SME productive capacity and innovation support services into the county's rural and less accessible areas, including both increasing accessibility and offering support and advice to overcome barriers capacity development arising from location or lack of infrastructure
- Targeting sectors and services with the highest growth potential including those not currently reached by specific sector programmes

The call is intended to commission a single provider or consortium/partnership to offer this service County wide from later in 2015 onwards. The call value is set at £350k ERDF, to be matched 1:1 by public or private sector contributions, these to be specified in bids made.

An approximate idea of the project call timetable from now onwards is set out in the tables below but it must be remembered that this could change. All projects are expected to be for three years, over the first half of the programme. The value of calls will be specified at the time and are subject to continuing negotiation between Oxfordshire LEP and the ESIF Managing Authorities and Opt-In providers. Overall however we anticipate allocating approximately 50% of EU funds to the first round of the programme, for activity up to 2018/9, the remainder for the second half of the programme. There will be a full review of

progress at the mid point when overall priorities will be reconsidered. The broad shape of the programmes are not however expected to change significantly.

The Oxfordshire ESIF Sub-Committee will be issuing regular newsletters to keep partners up to date on news emerging from the Managing Authorities, timetables for project calls and events and workshops related to the calls.

## ERDF and EAFRD Calls: Provisional

Thematic Objective	Activity	Project call published	Delivery
TO3 SME competitiveness	Supporting the creation and extension of advanced capabilities for product and service development	March 2015	Autumn/winter 2015/6
	Promoting entrepreneurship by facilitating new and fostering the creation of new businesses	June 2015	March 2016
	The Oxfordshire Business Loan Fund	2016	?
TO4 Low Carbon	Development of small scale renewable energy schemes in rural Oxfordshire – focus on wood-fuels	June 2015	March 2016
	Promoting the production and distribution of energy derived from renewable sources	September 2015	Summer 2016
	Promoting energy efficiency and renewable energy use in enterprises	September 2015	Summer 2016
TO1 Innovation	Enhancing research and innovation infrastructure and capabilities to develop R&I excellence and promoting centres of competence	September 2015	Summer 2016
	Promoting business investment in R&I	September 2015	Summer 2016
TO5 Protecting the environment and resource efficiency	Support for tourism and leisure in rural Oxfordshire	September 2015	Summer 2016

## ESF Calls - Provisional

Thematic objective	Activity	Project call published	Delivery
TO8 Employment, labour mobility and access to employment	Retraining older workers for the social care sector in Oxfordshire – match funding from SFA	June 2015	Autumn/winter 2015/6
	Working in communities to help the long-term unemployed move closer to the labour market – match funding from the Big Lottery Fund	June 2015	February/March 2016
	Support for job creation in small scale renewable energy projects in rural Oxfordshire	June 2015	Autumn/winter 2015/6
	Improving literacy and numeracy for young people – working in communities to engage young people to improve their literacy and numeracy – aligned with the NEET programme – match funding from the SFA	September 2015	Summer 2016
	Support for job creation through the promotion of tourism and leisure in rural Oxfordshire	September 2015	Summer 2016
TO9 social inclusion	Engagement programme to help those young people in Oxfordshire who are not in employment, education or training, and a transition programme to help young people at risk of becoming NEET – match funding from Big Lottery Fund	September 2015	Summer 2016
	Oxfordshire Community Grants Scheme	March 2016	Autumn/winter 2016/7

### Further Information

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