

**Open Report on behalf of Andy Gutherson, Executive Director - Place**

Report to:	<b>Environment and Economy Scrutiny Committee</b>
Date:	<b>10 September 2019</b>
Subject:	<b>Greater Lincolnshire's European Regional Development Programme (ERDF)</b>

**Summary:**

This paper outlines the European Regional Development Programme (ERDF) bids that are currently being developed by LCC. All bids for grant funding above £250,000 will be considered by the relevant Executive Councillor.

These bids are: digital business support, extension to the Business Lincolnshire Growth Hub, industrial units in Market Deeping and Skegness, and catchment based flood prevention activity on the River Steeping and more broadly.

The proposed bids will use existing committed council budgets as their match funding and are all in response to items considered by the Environment and Economy Scrutiny Committee.

A full list of all projects that have been approved in Greater Lincolnshire for ERDF European funding is attached as an appendix and it shows a good distribution of funding across all parts of the county and across a variety of issues that affect the economy.

**Recommendation(s):**

The Environment and Economy Scrutiny Committee is requested to review and endorse the proposed bids for ERDF funding as set out in the paper and highlight any additional comments for consideration by the relevant Executive Councillor.

## **1. Background**

### **Current position of Greater Lincolnshire's European Regional Development Programme (ERDF)**

As members will be aware, the Greater Lincolnshire area was notionally allocated approximately £116m of European Structural and Investment Fund (ESIF) monies for the period 2014-2020. The European Regional Development Fund (ERDF) is the largest of the three structural funds and is focused on investment to support economic growth and job creation in order to reduce economic disparities between

regions. The funding has been guaranteed by HM Treasury to December 2020 following Brexit.

ERDF focuses its investments on several key priority areas:

- Priority Axis 1 Innovation and Research
- Priority Axis 2 The Digital Agenda
- Priority Axis 3 Support for small and medium-sized enterprises (SMEs)
- Priority Axis 4 The Low Carbon economy
- Priority Axis 5 Promoting climate change adaptation, risk prevention and management
- Priority Axis 6 Preserving and protecting the environment

Greater Lincolnshire is categorised as a transition area so projects can get up to 60% of grant funding towards the total cost of their project. The rest needs to come from eligible match funding sources such as the county council.

Projects supported to date and which have been considered by the Environment and Environment and Economy Scrutiny Committee include:

- Holbeach Food Enterprise Zone - creating a centre of excellence for our Agri-food sector;
- a range of business support activity aligned to the Business Lincolnshire Growth Hub which is managed by LCC;
- raising flood defences in Boston and Wrangle to provide longer term economic sustainability by reducing flood risk for the areas;
- improvements to blue/green infrastructure (rivers/walkways) within the built up centres of Grantham and Sleaford which will promote growth.

Appendix A provides a full list of project commitments to date in Greater Lincolnshire

### **Current local call for activity**

Following Brexit, the Chancellor confirmed that the government would guarantee EU funding for Structural and Investment Funds projects signed after the Autumn Statement and which continue after we have left the EU. In July 2018 the government extended the guarantee so that it would cover all projects that would have been funded by the EU under the 2014-2020 programme period, including all ERDF projects. The extension means that the Ministry of Housing, Communities and Local Government will continue to sign new ERDF projects after Brexit until programme closure.

This guarantee provides additional certainty to communities, businesses and local partners, guaranteeing investment in growth up to the end of the current ERDF programming period, in the event that the UK leaves the EU without a deal. Organisations can therefore continue applying for and delivering funding under current arrangements, with confidence that the funding guarantee applies if there is no negotiated agreement between the UK and the EU.

All Local Enterprise Partnership (LEP) areas have been able to announce a final round of local LEP level calls where funding allocations remain. LCC is the accountable body for Greater Lincolnshire LEP.

In Greater Lincolnshire, against our original allocation of £63 million grant funding, we have committed just over £57 million to projects that meet local strategic priorities and ERDF criteria. However, following the exchange rate fluctuation and MHCLG's calculation on future slippage, the following calls for activity have been announced:

Priority Axis	Investment Priority	Maximum indicative ERDF value (£m)
1	Promoting Research and Innovation	£2.6
2	Enhancing access to, use and quality of ICT	£0.358
3	SME Competitiveness	£7.3
4	Low Carbon	No call; the grant funding is fully committed to low carbon schemes
5	Promoting climate change adaptation, risk prevention and management	£3.4
6	Preserving & Protecting the Environment	£0.925

The following table lists pipeline projects that are being worked up to take up remaining funds. Costs are **very indicative** as projects are being developed to submit their outline applications by 30<sup>th</sup> September 2019:

Priority Axis	Project Description	ERDF grant requested
1	R&D glasshouses to promote further growth in the Agri-Food Sector  This directly contributes to the productivity of the agri-food sector, an issue that was discussed at Environment and Economy scrutiny committee on 30 <sup>th</sup> October 2018.  The applicant for this project will be University of Lincoln.	£1.2m
2	Specialist advisory support and grants to the digital sector  This is an LCC led scheme, using funding from a ringfenced reserve as match funding, to help businesses to become market leaders in digital skills/services.	£0.358

Priority Axis	Project Description	ERDF grant requested
3	<p>Extensions to business support provision to provide continuity to the end of the programming period</p> <p>This directly enables LCC to continue the work of the Business Lincolnshire growth hub which was discussed at Environment and Economy scrutiny committee on 16<sup>th</sup> January 2018. Match funding will be from a government grant and from businesses that benefit from the project.</p> <p>The applicant for this project will be EMB on behalf of the growth hub.</p>	£4m
	Workspace developments to meet the needs of new start and expanding businesses	Individual schemes listed below:
	<p>Grow On Space, Market Deeping</p> <p>This directly addresses the item that was discussed by Environment and Economy scrutiny committee on 21<sup>st</sup> May 2019. Match funding is already allocated within the LCC economic development capital programme.</p>	£2.25m
	<p>Skegness Business Park Phase 1b</p> <p>This directly addresses the item that was discussed by Environment and Economy scrutiny committee on 9<sup>th</sup> April 2019. Match funding is already allocated within the LCC economic development capital programme.</p>	£1.2m
	<p>Culture and Creativity Make a Space Scheme</p> <p>The applicant for this project will be University of Lincoln.</p>	£0.800m
	<p>Sleaford Incubation Units</p> <p>The applicant for this project will be North Kesteven District Council.</p>	£3.6m

Priority Axis	Project Description	ERDF grant requested
5	<p>Pilot scheme to make catchments more resilient to climate change</p> <p>This is an LCC led scheme which directly addresses the item that was discussed by Environment and Economy scrutiny committee on 22<sup>nd</sup> May 2018 and a specific workshop held with the Water Management Board on 8<sup>th</sup> July 2019.</p>	£0.600m
	<p>Steeping River Catchment Flood Alleviation Scheme</p> <p>This directly addresses the item that was discussed by Environment and Economy scrutiny committee on 22<sup>nd</sup> May 2018?</p> <p>The applicant for this project will be Lindsey Marsh Drainage Board</p>	£2.8m
6	<p>Preserving the habitat and biodiversity of the River Freshney Chalk Stream Valley</p> <p>The applicant for this project will be North East Lincolnshire Council.</p>	£0.925m

The calls were opened on 28<sup>th</sup> June 2019 and will close on 30<sup>th</sup> September 2019, extended to allow for the summer holiday period. Projects have to submit an outline application form which will be assessed by the managing authority against national selection criteria. If projects pass the national gateway criteria, they are then assessed by Greater Lincolnshire's European Structural & Investment Fund (ESIF) Committee. This ensures that projects provide good value for money for the local area and meet local strategic priorities. Projects under this call will also have to demonstrate how they fit with the UK Industrial Strategy goals and the Business Productivity Review.

It is likely that there will be a further national call that all LEP areas can bid into to take up any unallocated funds/project underspends. This will be more competitive and restricted to the Priority Axes where there are sufficient funds to open with calls – this however is still to be agreed by the government.

### 3. Conclusion

ERDF has successfully supported projects that are aligned to our Strategic Economic Plan and that contribute to economic growth in the Greater Lincolnshire area. There have, however, been challenges which include:

- i. Funding streams not being aligned so this can make it difficult to respond quickly to changing economic conditions
- ii. Eligibility and match funding restrictions which means there have been considerable limitations on supporting our transport/housing strategies and larger businesses for example which can lessen the impact of project/programme delivery
- iii. Limitations regarding set investment priorities at a national level which make it difficult to tackle issues of rural isolation

Once we have secured funding through the current ERDF call, we need to look at how we can maximise future funding opportunities and use lessons learnt from current programmes to influence the thinking around this.

### 4. Consultation

**Have Risks and Impact Analysis been carried out?**

No

**Risks and Impact Analysis**

N/A

### 5. Appendices

These are listed below and attached at the back of the report	
Appendix A	Greater Lincolnshire ERDF project commitments to July 2019

### 6. Background Papers

This report was written by Susannah Lewis, who can be contacted on 01522550638 or susannah.lewis@lincolnshire.gov.uk.