Making the Most of EU Funding in the East Midlands

Andrew Pritchard
Director of Policy & Infrastructure
East Midlands Councils
Localisation of EU Structural funds

- Establishment of a national ‘EU Growth Programme’
- LEPs to develop EU investment strategies
- Each LEP to be given a ‘notional allocation’ of EU funding to prioritise
- Option to ‘buy-in’ to national programmes
- Payments to be made centrally
- Notional allocations will be reviewed against performance from 2017 onwards
Local Enterprise Partnerships within or overlapping the East Midlands Region

Contains Ordnance Survey data © Crown copyright and database right, 2013.
“Show me the money”

- EU Growth Programme = €6.2 billion (2014-20)
- UK Local Growth Fund = £2 billion p.a.
In and around the EM

D2N2: €249.7m
GLLEP: €133.5m
LLEP: €126.3m
NEP: €55m
SEMLEP: €88.3m
UK Local Growth Fund Allocations (2015-16)

<table>
<thead>
<tr>
<th>Region</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>D2N2</td>
<td>£47m</td>
</tr>
<tr>
<td>GLLEP</td>
<td>£48m</td>
</tr>
<tr>
<td>LLEP</td>
<td>£28m</td>
</tr>
<tr>
<td>NEP</td>
<td>£19m</td>
</tr>
<tr>
<td>SEMLEP</td>
<td>£31m</td>
</tr>
</tbody>
</table>
Emerging UK Priorities

- **Innovation**
- **SME Competitiveness**
- **ICT**
  - 60% + of ERDF

- **Employment**
- **Skills**
- **Social Inclusion**
  - 80% + of ESF

- **Low Carbon Economy**
  - 20% + of ERDF

- **Climate Change**
- **Environment**
- **Sustainable Transport**
  - No Minimum spend
Also…

- Minimum 20% of combined ESF/ERDF on ‘social inclusion’
- Gender equality, equal opportunities & non-discrimination
- Sustainable development
Key Outcomes

“It’s the economy, stupid”

- More Jobs
- Less Worklessness
Timescales

- January 2014: LEPs finalised strategies
- Early 2014: Period of negotiation
- Late 2014 (?): new EU Programme starts
- 2017 – first review of notional allocations
Current Experience

- Spend under the current ERDF Programme has been slow - money lost as a result
- Too many small projects - difficult to see a strategic impact
- Original operational programme did not fully meet local needs
Future Challenges

- 1 region replaced by 7 LEPs – 4 overlapping
- Pressure for early spend on projects that will deliver clear outcomes
- LEP notional allocations to be reviewed in 2017-under-performance could be penalised
Threats v Opportunities
EMC Technical Assistance Project

- Raise awareness and understanding of new processes
- Highlight strategic opportunities for growth in the East Midlands based on evidence
- Highlight opportunities for collaborative activity that will generate strategic scale projects
Meeting Need
Realising Opportunity

A Socio-Economic Framework for the East Midlands
to Inform the Delivery of EU Structural Funds (2014-2020)

December 2013
Smart Specialisation

- Boosting regional competitiveness through effective use of public resources
- Place-based strategies based on analysis of economic potential
- Focusing on high value activities
- Avoiding duplication or needless competition
- Built on a strong partnership between business, public authorities & universities
Employment in high and medium-high technology industry (%)  
Above / below national average

- East Midlands Region
- 0.8 to 3.1 (36)
- 3.1 to 15.0 (59)

1. Transport Equipment (Automotive, Rail & Aerospace)
2. High Performance Automotive/ Motorsports
3. Food Technology
4. Energy Generation & Supply
Employment in SIC 35: Power Generation and Supply (%), 2011

Key Assets

• Significant power generation sites – includes 2 co-firing stations near Retford in D2N2 (as well as nationally important coal-fired site at Ratcliffe-on-Soar) – and E-ON and EDF energy offices
• R&D intensive manufacturing related to power generation equipment: includes Cummins in NEP and Alstom and Siemens in Greater Lincolnshire
• Lower proportion of renewable generation in the region, but hydro, wind and biomass capacity increasing
• Sector specialisation in Transport Equipment (D2N2 and LLEP) includes international leaders in low carbon/fuel cell technologies (Rolls Royce, Toyota etc.) and HE research links
• Centres of excellence include:
  – British Geological Survey (D2N2)
  – The Energy Technologies Institute (ETI)
Key Barriers

• Availability of workforce skills
• Information failures and risk/uncertainty
  – On benefits to SMEs and potential investors, and also due to time-lags between up-front costs and future benefits
  – On available support and areas of excellence
  – For supply chain customers (demand)
• Investment/access to finance
• Infrastructure (including knowledge infrastructure)
• Externalities (where some of the costs or benefits ‘spill-over’ to affect parties other than those involved in the original activity) - can provide a disincentive to investment as the party making the original investment may not be able to recoup a sufficient share of the benefits
Horizon 2020

- The EU financial instrument implementing the **Innovation Union**, a **Europe 2020** flagship initiative aimed at securing Europe's global competitiveness
- The biggest EU Research and Innovation programme ever with nearly €80 billion of funding available over 7 years (2014 to 2020).
- First calls issued on the 9th July 2014
- More information through the online **Participant Portal**
UK Government Support (BIS)

- Technology Strategy Board
  https://www.innovateuk.org/energy;jsessionid=31294EAD948B02D1B2C336C17BD68BB0.3

- Manufacturing Advisory Service
  http://www.mymas.org/events/east-midlands

- UK Trade & Investment
  http://www.uktiofficefinder.ukti.gov.uk/export/unitedkingdom/eastmidlands.html
Conclusions

- Retaining and spending LEP indicative EU allocations for 2014-20 will be challenging.
- East Midlands has some key competitive advantages which are of national significance - including energy.
- We need to develop collaborative projects with strategic impact to maximise these opportunities.