

Stoke-on-Trent and Staffordshire LEP's ESIF Programme- - December 2022 Update

Executive Summary

The total notional ESIF allocation for the Stoke-on-Trent and Staffordshire geography was £170 M. The ERDF element of the programme received £90.8 M of which £82.8M (9%) was allocated, and of that £79 M contracted by July 2022. The residue was returned to a National Reserve Fund and from this the SSLEPs Growth Hub received £2.1 M to aid business recovery. At the outset the ERDF programme was split and fixed into six-themes. Each theme was allocated a proportion of the overall ERDF funding total, to date three met the spend target, one fell short and two underperformed. As for outputs, four themes are vastly exceeding their targets, one has fallen short and one is underperforming. With regards the European Agricultural Fund for Rural Development element of the programme it received £3.2M, which is largely committed and is supplemented by the LEADER programme with a total of £1.9M. Through rounds 1 and 2 of EAFRD, 8 projects have been contracted across Staffordshire's rural areas with a value of £2.7m. Round 3, which closed in February 2020, differed from Round 1 and 2 as it is a national funding pot rather than a local allocation, and it is likely that the SSLEP area allocation will be exceeded. The LEADER programme has supported 60 Staffordshire projects and has fully allocated £1.9m creating over 86 jobs and attracting £3.6m in private sector investment.

Background

In terms of governance the UK Government utilised the LEP infrastructure to assist in the delivery of the European Structural Investment Fund (ESIF) programme. This primarily consisted of directing investment, from applications into the fund, ensuring that they were in-line with the LEP's strategic direction. This role was performed via a specifically created ESIF Committee chaired by a LEP Board Member and serviced by the relevant Government department. Beyond the allocation of the funds, the role of the Committee would have developed into an oversight role, monitoring the delivery of the programme across the geography. However, this transition was impacted by the pandemic, so although the allocation of funds was effectively complete, the pandemic impacted on the role of LEP's and the Committee was never reformed to perform the above role. In practical terms the contract for delivery lies between the applicant/accountable body and the relevant Government department DLUHC, DWP or DEFRA and so Government have effectively taken on this oversight role and only provide a management information report bi-annually to the respective LEP.

European Regional Development Fund

ERDF forms the largest element of the programme with £90M of EU funds available over the life of the programme across the LEP Geography. This is managed through a National Programme which guides on eligibility and project management to ensure the successful delivery of the programme. Under ERDF there were a number of "Themes" which the funding can support. At the outset of the ERDF programme the total SSLEP allocation was split and fixed into six themes, illustrated in Table 1. The ERDF Programme underwent a final round of calls for projects in the Autumn of 2019, this led to the LEP being able to allocate a total of £82.88M (91.2%) to Stoke-on-Trent and Staffordshire Projects, with the residual amount being returned to a National Reserve Fund.

Table 1

ERDF Theme	Notional Allocation	Allocated to Projects	% Contracted Allocations
Innovation	£25.17M	£24.37M	96.8%
Broadband and ICT	£0.53M	£0.50M	93.0%
Business Support	£46.14M	£39.88M	86.4%
Low Carbon	£15.01M	£14.57M	97.0%
Flood Mitigation	£0.94M	£0.94M	100%
Biodiversity	£3.06M	£2.61M	85.5%
Total	£90.84M	£82.88M	91.2%

National Reserve Fund

As noted in the above table, SSLEP, like all LEP's were unable to allocate the full 100% of the ERDF Programme funds. The residual funding, with the outbreak of the pandemic, Government took the decision to make direct awards utilising this National Reserve. To date we have seen Local Authorities benefiting from Re-opening the High Street Safely funding along with direct awards made to each Growth Hub, in the SSLEP's case, £2.1m to aid business recovery. It is understood that a small element of the National Reserve Fund still remains.

Expenditure Profile as of July 2022

As can be seen from the following table overall expenditure is reasonably good. The exception in terms of underperforming themes is Theme 5 Flood Mitigation. This expenditure relied wholly on a single project (Fowlea Brook Flood Mitigation), which due to delays in flood modelling is no longer to proceed. Projects are able to continue defrayment on agreed activity up until June 2023, so a further year to the data being tabled within this report.

Priority Axis	Contracted ERDF	ERDF + Match	Expenditure to date	Variance	% Expenditure Claimed
1 – Innovation	£23,876,581	£40,382,930	£28,830,253	£-4,275,520	87.09%
2 – ICT	£404,834	£676,527	£226,097	£-92,775	70.91%
3 – Business Support	£38,839,676	£90,231,262	£69,465,831	£16,852,852	132.03%
4 – Low Carbon	£12,314,647	£20,668,539	£17,318,404	£-1,003,262	94.37%
5 – Flood Mitigation	£940,085	£2,350,213	£0	£-715,000	0%
6 – Biodiversity	£2,650,196	£4,511,542	£1,978,726	£-1,330,747	59.79%
TOTALS	£79,026,019	£158,821,013	£117,819,311		108.68%

Output Delivery

Within the ERDF Programme, each project is contracted to deliver a range of outputs, depending upon what is being delivered. Each of the six themes has a **key output** which is used to monitor progress against the programme. The table below identifies the programme key output targets and the current total. As can be seen from the table four themes are likely to vastly exceed their targets, one is likely to fall just short and one is going to underperform. The LEP are awaiting an update (January) on the figures within the Table below as due to the pandemic, Government Officers have not had the capacity to provide regular updates on the whole programme across the SSLEP area.

Theme Key Output	Total Estimated based on project Business Cases	Delivered to date	Variance Based on profile
Innovation – enterprises receiving support	1382	915	81%
ICT – enterprises receiving support	170	95	55%
Business Support – enterprises receiving support	3704	2021	76%
Low Carbon – Reduction in tonnes of Co2	6783	7561	127%
Flood Mitigation – Commercial properties with reduced flood risk	6	0	0%
Biodiversity – Hec with improved conservation status	133	14	11%

Although the key output for each theme aims to measure performance, clearly projects have within them a broader range of outputs which are delivered as a result of the specific project being implemented, as a result this is a 'rough' tool used to measure performance.

European Social Fund

The SSLEP's European Social Fund Programme was launched back in 2015 and is built primarily on a co-financing model. With limited local public sector resource for employment and skills activity it was decided early in the programme that the offers of the requisite 40% match funding from national organisations would be seized.

The Department of Work and Pensions, The Education and Skills Funding Agency along with The National Lottery (formally the Big Lottery) all offered to provide the match funding both to maximise their own investment value and the broaden out their scope in terms of activity. The LEP then assisted in developing the specifications and also the monitoring of performance through tripartite meetings. Although this proved to be "testing" initially, projects have now been in delivery for 4 years with extensions confirmed for the ESFA and National Lottery projects until 2023. The programme did enable a Redundancy Task Force to be established early and in response to the pandemic with the aim of mitigation job losses across the LEP.

Outputs **As at June 2022*

Key Output	Number to date
No of programme beneficiaries	36,958
New learners	48,888
Individuals entering paid employment, training or volunteering	16,082

The performance of contracts has been impacted during 2020 with face-to-face delivery having to cease during lockdown, however providers ensured that learning and support continued where possible either on-line or over the telephone. Face-to-face delivery reopened in July and has been able to continue.

European Agricultural Fund for Rural Development (EAFRD & LEADER)

Funding under the European Agricultural Fund for Rural Development is much smaller (3.2m) but provides support for businesses in rural areas across manufacturing, tourism and food and drink sectors EAFRD programme. This fund is largely committed and is supplemented by the LEADER programme (£1.9m) providing direct support to rural businesses across farming, tourism, forestry and food and drink sectors.

Through rounds 1 and 2 of EAFRD, 8 projects have been contracted across Staffordshire's rural areas with a value of £2.7m. Round 3 has differed from Round 1 and 2 as it is a national funding pot rather than a local allocation. The application window closed on 16th February 2020 and Nationally a significant number of applications were received including over 50 from Staffordshire applicants. The DEFRA/RPA Rural Delivery team are currently completing assessments and it is likely that with a number of projects being approved, the SSLEP area allocation will be exceeded.

In addition, the LEADER programme has supported 60 Staffordshire projects and has fully allocated £1.9m creating over 86 jobs and attracting £3.6m in private sector investment.

Summary

As can be seen from the data contained in the report, there has been significant effort by partners in developing and delivering a key programme across the LEP Geography. The previous EU programme totalled £12M, so the increase to £170M has been a significant challenge, particularly at a time of fiscal restrictions within the public sector.

The breadth of support offered through the ESIF Programme, particularly around business support and employment and skills cannot be overemphasised and we head towards 2023, when the ESIF Programme ends, the UK Shared Prosperity Fund has now been launched which can be used to pursue some of the activity delivered through this ESIF programme.

Appendix



ANNEX 1

KEY ERDF PROJECT & PROGRAMME INTERVENTIONS - DECEMBER 2020				
PROJECT NAME	APPLICANT	PROJECT/ACTIVITY DESCRIPTION	ERDF (£)	KEY OUTPUTS
PA1 INNOVATION				
The Smart Concept Fund (Including continuation to 2023)	University of Wolverhampton	Cross LEP Proof of Concept grant to support new product development	553,524	C1 - SMEs supported
Staffordshire Business Innovation & Incubation Support 3 (SBIS3) (Including continuation to 2023)	Staffordshire & Black Country Business Innovation Centre Ltd	Incubation support and advice with grant support to encourage innovation and innovative products	3,845,559	C1 - SMEs supported C2 - SMEs receiving grants C28 & C29 - SMEs supported to introduce new products to market C8 - Employment increased in SMEs
Keele Research & Innovation Gateway	Keele University	Supporting R&D in SMEs through access to University academic and research resources	1,351,708	C1 - SMEs supported C2 - SMEs receiving grants C28 & C29 - SMEs supported to introduce new products to market C26 - SMEs co-operating with research entities
Keele University Science & Innovation Park Smart Innovation Hub (Continuation to 2023)	Keele University	New facility providing accommodation for the Keele Business School with incubation and grow on space for new & developing SMEs	10,210,395	C1 - SMEs supported C28 & C29 - SMEs supported to introduce new products to market C26 - SMEs co-operating with research entities

		including Revenue support.		C8 - Employment increased in SMEs
Innovative Product Support Services	University of Wolverhampton	Cross LEP programme to develop new products and processes in SMEs	85,334	C1 - SMEs supported C28 & C29 - SMEs supported to introduce new products to market C26 - SMEs co-operating with research entities C8 - Employment increased in SMEs
EBRI: Business Investment in Research - Successor Project (Continuation to 2023)	Aston University	Cross LEP Bio energy R&D Institute and programme	603,880	C1 - SMEs supported C28 & C29 - SMEs supported to introduce new products to market C26 - SMEs co-operating with research entities C8 - Employment increased in SMEs
Staffordshire Digital Innovation Partnerships (Including continuation to 2023)	Staffordshire University	Developing digital platforms and supporting greater digital practice within SSLEP area SMEs through technological transformation data intelligence and academic research.	1,059,069	C1 - SMEs supported
Smart Factory Hub (SmartFub) Continuation	University of Birmingham	Cross LEP programme to support the development of new & improved products & processes via SmartFub Demonstrator & Facilities	735,791	C1 - SMEs supported C28 & C29 - SMEs supported to introduce new products to market C26 - SMEs co-operating with research entities C8 - Employment increased in SMEs

CALMERIC Composite and Additive Layer Materials Engineering	University of Wolverhampton	Cross LEP programme supporting Advanced Materials manufacturing for the Aerospace sector	278,103	C1 - SMEs supported C25 - Number of reserachers working in improved research facilities C29 - SMEs supported to introduce new products to market C26 - SMEs co-operating with research entities C8 - Employment increased in SMEs C4 - SMEs receiving non-financial support
MRDC Revenue Phase 3 (Business Bridge) (Continuation to 2023)	Keele University	Supporting capital & revenue inestement supporting innovation led growth in SMEs from the medical technologies sector.	1,639,912	C1 - SMEs supported
Aerospace Unlocking Potential	University of Nottingham	Advanced manufacturing support for the Aerospace sector	1,385,528	C1 - SMEs supported C2 - SMEs receiving grants C28 & C29 - SMEs supported to introduce new products to market C26 - SMEs co-operating with research entities C8 - Employment increased in SMEs C4 - SMEs receiving non-financial support C6 - Private investment matching grant
Enhanced Export for Growth Project (EEGP)	West Midlands International Trade LLP	National Programme to support SME's growth through enhanced international trade opportunities & exporting.	95,400	C1 - SMEs supported

Staffordshire Advanced Manufacturing & Technology Prototyping & Innovation Demonstrator	Staffs University	Facility that will offer dedicated innovation support to the ceramics industry and other manufacturing areas, including energy generation, aerospace and automotive sectors.	1,022,177	C1 - SMEs supported C28 & C29 - SMEs supported to introduce new products to market C26 - SMEs co-operating with research entities C4 - SMEs receiving non-financial support C5 - Number of new SMEs supported
Science in Industry Research Centre (SIRC)	University of Wolverhampton	Cross LEP programme to support the Science in Industry Research Centre (SIRC) to support companies across in the West Midlands to develop new science based products.	168,851	C1 - SMEs supported C2 - SMEs receiving grants C28 & C29 - SMEs supported to introduce new products to market C26 - SMEs co-operating with research entities C4 - SMEs receiving non-financial support C5 - Number of new SMEs supported C25 - Number of reserachers working in improved research facilities C6 - Private investment matching grant
Advanced Materials Characterisation and Simulation Hub (AMCASH)	University of Birmingham	Cross-LEP programme providing specialist support for SMEs involved in advanced materials production	672,010	C1 - SMEs supported
Connected and Intelligent Mobility Innovation Accelerator (SCIMIA)	Staffordshire University	SME support programme involving academic experts & innovation consultants working with SMEs to develop new products in the	1,286,337	C1 - SMEs supported

		intelligent mobility sector		
DEMAND Hub (Stoke-on-Trent and Staffordshire LEP)	University of Birmingham	Cross-LEP programme providing specialist support for medical & technological & digital SMEs introducing new systems including AI	389,210	C1 - SMEs supported
PA 2 ICT				
Information Technology Business Enhancement Programme (ITBEP)	Staffordshire County Council	Providing support from digital advisors & a digital health report to expand & enhance SME's digital capacity	500,000	C1 - SMEs supported
PA3 SME SUPPORT				
be inspired Staffordshire University + (biSU+)	Staffordshire University	Graduate into enterprise support & grants programme	1,600,039	C1 - SMEs supported C2 - SMEs receiving grants C5 - Number of new SMEs supported C8 - Employment increased in SMEs P11 - Potential entrepreneurs assisted to be enterprise ready
Stoke-on-Trent and Staffordshire Growth Hub (Including continuation to 2023)	Staffordshire County Council	Single point of contact for SME support services, events and small grants programme	4,359,265	C1 - SMEs supported C2 - SMEs receiving grants C4 - SMEs receiving non-financial support C6 - Private investment matching grant C8 - Employment increased in SMEs P13 -Enterprises receiving information diagnostic & brokerage support

Keele Institute for Entrepreneurship, Innovation & Leadership (KIEIL)	Keele University	Revenue support to develop innovation & leadership skills in SMEs across a wide range of growth sectors Addresses distinctive organisational and leadership challenges for innovation-led, knowledge-intensive businesses across the SSLEP area	826,051	C1 - SMEs supported C28 - SMEs supported to introduce new products to market C4 - SMEs receiving non-financial support C5 - Number of new SMEs supported C8 - Employment increased in SMEs P11 - Potential entrepreneurs assisted to be enterprise ready
SME International Growth Project	West Midlands International Trade LLP	National Programme to support SME's growth through enhanced international trade opportunities & exporting.	455,821	C1 - SMEs supported C2 - SMEs receiving grants C5 - Number of new SMEs supported C8 - Employment increased in SMEs C4 - SMEs receiving non-financial support
Better Off in Business (BOIB Stoke & Staffs) phase 3	Prince's Trust	Cross-LEP programme to support young people to start their own business	455,821	C1 - SMEs supported C5 - Number of new SMEs supported C8 - Employment increased in SMEs P11 - Potential entrepreneurs assisted to be enterprise ready
Business Growth Programme (BGP)	Birmingham City Council	Cross-LEP SME grant programme supporting business growth, innovation & supply chain opportunities	2,766,358	C1 - SMEs supported C2 - SMEs receiving grants C6 - Private investment matching grant C8 - Employment increased in SMEs

Manufacturing Growth Programme ii (MGP) (Including continuation to 2023)	Oxford Innovation Services Ltd	Cross-LEP programme aimed at identifying & removing barriers to SME growth in the manufacturing sector	2,065,856	C1 - SMEs supported C2 - SMEs receiving grants C28 & C29 - SMEs supported to introduce new products to market C26 - SMEs co-operating with research entities C4 - SMEs receiving non-financial support C8 - Employment increased in SMEs C5 - Number of new SMEs supported C6 - Private investment matching grant
Stoke on Trent and Staffordshire Grants for Growth (Including continuation to 2023)	Stoke-on-Trent City Council	Larger grants programme supporting capital investment by SMEs for property, machiner & equipment	5,291,892	C1 - SMEs supported C2 - SMEs receiving grants C6 - Private investment matching grant C8 - Employment increased in SMEs
Midlands Engine Investment Fund (3)	Department for Business, Energy & Industrial Strategy	Contribution to £100m investment fund involving 4 separate equity & financial funds to accelerate & stimulate growth	10,000,000	C1 - SMEs supported C3 - Enterprises receiving financial support other than a grant C28 & C29 - SMEs supported to introduce new products to market C4 - SMEs receiving non-financial support C8 - Employment increased in SMEs C5 - Number of new SMEs supported C7 - Private investment matching public support to enterprises (non-grants)

Midlands Engine Export Grant Scheme	Department for Business, Energy & Industrial Strategy	Specific grant programme for SMEs to identify & exploit new exporting opportunities	1,233,000	C1 - SMEs supported C2 - SMEs receiving grants C6 - Private investment matching grant C8 - Employment increased in SMEs
Mentoring Growth Service (Including continuation to 2023)	Staffordshire Chambers of Commerce & Industry Ltd	Mentoring & advisor support programme using local business professionals to help SMEs develop & grow	1,528,751	C1 - SMEs supported C5 - Number of new SMEs supported C8 - Employment increased in SMEs C4 - SMEs receiving non-financial support
Rural Enterprise Programme	Staffordshire County Council	New build & renovation grants for properties located across Staffordshire's rural areas to create new business space for SMEs	655,662	C1 - SMEs supported C2 - SMEs receiving grants C4 - SMEs receiving non-financial support C6 - Private investment matching grant C8 - Employment increased in SMEs
Staffordsheer Excellence	Staffordshire County Council	Bespoke support programme for tourism & visitor economy SMEs	507,570	C1 - SMEs supported C5 - Number of new SMEs supported C8 - Employment increased in SMEs C4 - SMEs receiving non-financial support
Innovation Centre Seven	Keele University	Creation of a 7th innovation centre at Keele University Science Park providing accommodation with support for SMEs from the AI, machine learning & digital sectors	7,952,996	C1 - SMEs supported
PA4 LOW CARBON				

Keele University Smart Energy Network Demonstrator (SEND)	Keele University	World class demonstrator for SMART Energy technologies accompanied by academic research & development	12,100,959.53	C1 - SMEs supported C2 - SMEs receiving grants C29 - SMEs supported to introduce new products to market C26 - SMEs co-operating with research entities C4 - SMEs receiving non-financial support C5 - Number of new SMEs supported C34 - Estimated annual decrease of GHG.
Low Carbon Business Evolution Programme - Continuation (LCBEP)	Staffordshire County Council	Diagnostic support & small grant intervention to help SMEs reduce their carbon use through energy efficient equipment processes & low carbon technologies	1,952,524	C1 - SMEs supported C34 - Estimated annual decrease of GHG.
PA5 CLIMATE CHANGE				
Fowlea Brook Regeneration Programme	Stoke-on-Trent City Council	Flood management scheme to protect & increase land supply in the ceramic valley enterprises	940,085	P6 - Businesses & Properties with reduced flood risk
PA6 ENVIRONMENT				
Trent Sunrise (Stoke & Urban Newcastle Rediscovering It's Secret Environment)	Stoke on Trent City Council	Extensive regeneration programme on key sites to re-introduce & increase biodiversity in the River Trent & it's tributaries across the North Staffs area	2,113,370	C22 - Total surface area of rehabilitated land C23 - Surface area of habitat supported in order to obtain better conservation status
Environmental Technologies and Resource Efficiency Support Service (EnTRESS) extension	University of Wolverhampton	Cross-LEP knowledge & expertise transfer between university & SMEs to support an increase	640,160	C23 - Surface area of habitat supported in order to obtain better conservation status

		resource efficiency & recycling		
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