



## Belfast City Council

<b>Report to:</b>	Development Committee
<b>Subject:</b>	European Sustainable Competitiveness Programme: Update
<b>Date:</b>	15 February 2011
<b>Reporting officer:</b>	John McGrillen, Director of Development, ext 3470
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1.	Relevant Background Information
1.1	The purpose of this report is to update members on the current position with EU funds to support development activity and to advise of the ongoing discussions with DETI and Invest NI to maximise the drawdown of funding from the European Sustainable Competitiveness Programme.
1.2	The main EU Structural Funds programme in Northern Ireland for the period 2007-2013 – the European Sustainable Competitiveness Programme – includes a measure which is nominally ring-fenced to support Council-led local economic development (LED) activity. This measure has a budget of around €25million from the European Regional Development Fund (ERDF). It is expected to be match-funded by a similar amount from councils (or by councils in conjunction with other match-funders). The programme is managed by DETI (Department of Enterprise, Trade and Investment) through its European Programmes Branch.
1.3	To date, 14 councils are in receipt of letters of offer totalling around €3.3million. Of this amount, Belfast City Council has 13 letters of offer totalling £1.4million ERDF, operating over a number of financial years. This support is match-funded by council resources to deliver a range of enterprise development support initiatives.
1.4	DETI and Invest NI have been engaging with councils in recent months to highlight the potential underspend in the programme and to identify how the commitment might be delivered through a range of capital and revenue expenditure at both individual council level and also through collaborative initiatives at a sub-regional/regional level.  Both DETI and Invest NI have suggested that they would welcome a number of capital schemes, in keeping with the overall programme objectives. These are attached as Appendix 1.
1.5	There is also considerable interest in developing collaborative revenue projects,

	<p>principally those which will support micro and small businesses not currently being supported by Invest NI. There is an opportunity to draw in additional match funding from Invest NI for projects which they deem compatible with their objectives. This means that an investment of £1 from the council can lever match funding of £3 from other public sources for these types of initiatives. Councils are also being encouraged to look at collaborative schemes e.g. with neighbouring councils and other partners.</p>
1.6	<p>There is a rolling deadline for the submission of applications. However the funding has to be allocated by December 2013 and spent by June 2015.</p>
1.7	<p>In order to get a perspective as to what levels of funding councils will draw down to support development activity in their area, DETI have asked all councils to consider a financial profiling exercise. This exercise will identify a range of scenarios from realistic/confirmed commitments to potential funding available, pending further political endorsements and other approvals.</p>

<b>2.</b>	<b>Key Issues</b>
2.1	<p>Invest NI has been engaging consistently with councils in recent months to explore opportunities for collaborative projects at a council or sub-regional level which they could match-fund, in addition to attracting European funding through DETI for these initiatives. This match funding commitment from Invest NI could potentially lessen the amount of funding required by councils. For example, if a project was to cost £100,000, councils could make an application to DETI for up to £50,000 and could seek match funding up to £25,000 from Invest NI. This would mean that, where a project might previously have cost the council £50,000 to run, it may now only cost the council £25,000, with the remaining amount coming from Invest NI.</p>
2.2	<p>At present, around £600,000 in external funding from DETI is drawn down each year by Belfast City Council. This work is used to resource a range of enterprise and business growth initiatives. Last year, around 1400 local businesses engaged with us through these programmes. Early evaluations suggest that every £1 that we invest in our business development initiatives generates £5 in additional income for the company through new sales or by creating efficiencies within the business.</p>
2.3	<p>In the current climate, it is suggested that focus is maintained on the small business development work at a similar level to the commitment presented in previous years. Ensuring business survival and growth is central to the corporate objective of growing the rate base. In light of continuing economic downturn and the growing number of insolvencies, it is important to offer targeted support to businesses to secure and support their future development.</p>
2.4	<p>There is now an opportunity and an appetite for undertaking collaborative projects across council boundaries. This is entirely consistent with the efficiencies agenda and ensures that programme overheads are reduced, with expenditure focused on direct support to the businesses.</p>
2.5	<p>It is proposed that further work is undertaken with Invest NI and other council partners in order to determine the opportunities for engaging in collaborative business support activity and what potential funding they have available for this type of activity.</p>

2.6	At a recent meeting with Economic Development staff, DETI asked councils to undertake a financial profiling exercise identifying the amount of match funding that they might be able to provide in the coming financial years (11/12 and 12/13) to draw down funding through the Sustainable Competitiveness Programme.
2.7	While it is acknowledged that this may include a number of scenarios, DETI have suggested that it will be important to have a view of potential council match funding in order to allow them to make decisions regarding funding allocations for the remainder of the programme. It should be noted that the deadline for commitment of funding i.e. letters of offer issued is December 2013 with spend eligible up until June 2015.
2.8	Councils are being encouraged to think about wider development activities that may be eligible for support under the Sustainable Competitiveness Programme and to be creative about the types of collaborative initiatives that they are proposing. However DETI have confirmed that all applications will be subject to appropriate levels of economic appraisal and they must be consistent with the priorities identified in the attached Appendix I.
2.9	There is an opportunity to consider potential capital schemes that could meet the programme criteria and contribute towards the delivery of key council priorities. The proposal for the development of a convention centre in the city is to be considered separately and this is one potential scheme which might attract such support.

<b>3.</b>	<b>Resource Implications</b>
3.1	Continuing the business support delivery function at similar levels to recent years (£600,000 per annum) will allow us to draw in over £1.5million of match funding from DETI and Invest NI, subject to projects meeting their programme criteria and corporate priorities.
3.2	One-off capital investments can be match-funded up to 75% of total costs, subject to projects meeting the programme criteria and the match-funding organisation's corporate priorities. Funding can be allocated over a period of 3 ½ years (up to June 2015).

<b>4.</b>	<b>Equality and Good Relations Considerations</b>
	None

<b>5.</b>	<b>Recommendations</b>
Members are asked to:	
<ol style="list-style-type: none"> <li>1. Note the availability of the funding under the European Sustainable Competitiveness programme</li> <li>2. Agree to the application to ERDF for the convention centre</li> <li>3. Agree to LED applications up to a maximum of £600k for enterprise support programmes including strategic growth and sectoral development initiatives</li> <li>4. Note the potential match funding and wider resource commitments on the part of council for European Sustainable Competitiveness Programme projects</li> <li>5. Note the request by DETI to undertake a financial profiling exercise to identify potential match funding available for the coming financial years.</li> </ol>	

<b>6.</b>	<b>Decision Tracking</b>
No specific decision tracking required.	

<b>7.</b>	<b>Key to Abbreviations</b>
DETI – Department for Enterprise, Trade and Investment ERDF – European Regional Development Fund	

<b>8.</b>	<b>Documents Attached</b>
Appendix 1 - European Sustainable Competitiveness Programme - objectives and eligible activity	