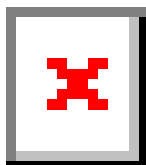


Report to Follow – Item 5a Applies



Report to: Development Committee

Subject: ERDF Funding – Revenue Schemes

Date: 10 October 2011

Reporting Officer: John McGrillen, Director of Development, ext 3470

Contact Officer: Shirley McCay, Head of Economic Initiatives, ext 3459

1	Relevant Background Information
1.1	Members are reminded that, at the September 2011 meeting of Development Committee, a paper on potential European Regional Development Fund (ERDF) capital schemes was endorsed.
1.2	ERDF is one of the EU's Structural Funds – alongside the European Social Fund – and is allocated through a range of measures within the Northern Ireland Sustainable Competitiveness Programme.
1.3	<p>The programme can fund a range of capital and revenue-based economic development initiatives with the aim of promoting sustainable enterprise and entrepreneurship. These can include:</p> <ul style="list-style-type: none">– Direct aid to investments in companies (in particular SMEs) to create sustainable jobs;– Infrastructure linked notably to research and innovation, telecommunications, environment, energy and transport; tourism development;– Financial instruments (capital risk funds, local development funds, etc.) to support regional and local development and to foster cooperation between towns and regions.
1.4	Projects are funded up to 50% of the overall costs. Project promoters then have to find 50% match funding from other public sources. Some of this money has to come from councils but there is also the potential to draw down match funding from other bodies. Where projects meet the objectives of these bodies – e.g. Invest NI – they can make available up to 25% towards the overall project costs. This can therefore reduce the council contribution to 25%.

1.5	<p>As a result, a project costing £100,000 per annum might require a contribution of only £25,000 p.a. from Belfast City Council.</p> <p>Belfast City Council – like other local authorities – continues to make applications for funding for its range of business support initiatives, as approved by this Committee. 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 and has four applications at economic appraisal stage for an additional £1million ERDF.</p>
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2	Key Issues
2.1	<p>Successive discussions with elected members around the new corporate plan and the proposed stimulus investment package indicate a desire to ensure that communities across the city are supported at this difficult time. This means ensuring that our services are available and accessible to all, particularly those services which will help people find employment or help businesses face the current growth challenges that they are facing.</p>
2.2	<p>Under the Sustainable Competitiveness programme, there is now a potential opportunity to explore a number of locally-based, targeted enterprise initiatives which will maximise the reach of the council services and support bespoke initiatives. Invest NI have indicated that, where these initiatives can complement their offering, they too would be willing to make a financial contribution to the overall costs – should council develop and bring forward these schemes.</p>
2.3	<p>Members are reminded that the Minister for Enterprise, Trade and Investment has recently written to Councils setting a deadline of 30 October 2011 for applications to the European Sustainable Competitiveness programme which would require programme spend before December 2013. The letter requires proposals to be “clearly defined, robust and fully costed”. The letter also makes it clear that any deficit on the £11m profiled for expenditure in that period will be reallocated to other economic development activity. A similar deadline of 30 September 2012 been set for expenditure of £10m profiled for 2014 and 2015.</p>
2.4	<p>There have been an number of expressions of interest from local partnerships with a view to developing and delivering a range of locally based enterprise development initiatives. At present one draft proposal has been received from partners in the Shankill area and we are aware of some preliminary discussions in west Belfast</p>
2.5	<p>It is proposed that further exploratory work be undertaken of relevant enterprise development initiatives which could complement the offering of Belfast City Council and Invest NI in the neighbourhoods with a view to submitting feasible proposals before the October deadline.</p>
2.6	<p>Given the application timeframes, council match funding for these activities would not be required until the 2012/2013 financial year. Should they progress to application stage, account will be taken of them in the current estimates and upcoming business planning process and they will be brought back to this committee for endorsement and budgetary approval.</p>

3	Resource Implications
3.1	<p>Financial</p> <p>Until further scoping work is carried out on these potential projects, the financial implications are not clearly defined. However, should the projects also meet Invest NI corporate objectives, £1 invested by Belfast City Council would be sufficient to lever £3 from Invest NI and DETI EU programmes.</p>

4	Equality and Good Relations Considerations
4.1	No specific equality or good relations implications to this report.

5	Recommendations
	Members are asked to:
5.1	<ul style="list-style-type: none"> - Note the availability of ERDF funding under the European Sustainable Competitiveness Programme for local enterprise development activity in neighbourhoods, to complement Invest NI and Belfast City Council offering.
5.2	<ul style="list-style-type: none"> - Note that one draft proposal has been received from partners in the Shankill and preparatory work is being done on other schemes.
5.3	<ul style="list-style-type: none"> - Agree to officers working with local partners to develop appropriate enterprise development initiatives and submitting feasible projects for ERDF funding by the end of October 2011-10-05

6	Decision Tracking
Any schemes requiring specific financial contributions to be brought back to this committee for endorsement.	
Timescale: January 2012	
Reporting Officer: Shirley McCay	

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