

## **Appendix A: CDEP & EU Programme; Schedule of emerging projects (inc Durham County Council areas of activity)**

### **Background**

1. This note provides an update on the work of EU Investment workstreams and sets out existing direction of travel for workstreams. The outlined activities are indicative areas currently being developed with partners and do not represent the final list of proposed projects. Once we receive the Operational Programme these activities will be developed into projects as appropriate.

### **Partnership Activities via Core Workstreams**

#### **2. Innovation, Catherine Johns (Business Durham)**

- 2.1. Under TO1, County Durham is proposing an integrated set of activities to accelerate the commercialisation of R&D into the market and encourage higher levels of business investment into research and innovation. The activities proposed here have demonstrable social impact, not only through the development of new products and services, and the involvement of the wider business community in the development of these products, but also through the improvement of economic wellbeing within the County. The activities link revenue activities to physical hubs to support the ongoing identification and development of new opportunities to exploit innovation as markets continue to develop; to stimulate the demand for new products and processes and help bring those new products and processes to the market.

This will include capital investment at the North East Technology Park (NETPark) and at Durham University to construct space to accelerate business growth, as well as investment into open access facilities around key enabling technologies. Innovative businesses across the County will be assisted with tailored support, including market landscaping and foresight, innovation management, matching market pull with technology push to stimulate demand, identify opportunities and build collaborative research between businesses and research institutions, supply chain development via private and public sector procurement, assistance with accessing finance, and access to open innovation hubs.

- 2.2 Complementary to this activity will be the stimulation of demand with a variety of outreach and engagement activities. These activities are completely aligned with the North East LEP's Strategic Economic Plan to create more and better jobs and which states that, "for areas such as the North East, dynamic innovation systems and cultures can be the source of both economic and social development – the growth and creativity of individual businesses drives new investment and employment, and socially focused innovation responds to the changing demands of communities". These activities may well be delivered under the NELEP's Innovation Strategy activities including Catalytic Competitions and Grand Challenges. This plan also aligns with the focus on areas of Smart Specialisation, with particular reference to the Surface Science Area of Economic Activity. Nationally, they are fully aligned with BIS' Eight Great Technologies, with its emphasis on materials and their potential to be transformed into products with social and economic impact. At the EU level, of the 153 currently open calls for Horizon 2020, approximately half would require the activities below as a competence for companies.

### **Workstream Activities**

- 2.3 **Emerging Electronics Centre**

*Project outline:* The focus of this centre is to integrate, demonstrate and enable commercialisation of emerging electronics technologies, embedded systems and printable electronics, by engaging with industry to drive the next generation application development, with a dedicated resource focused on early market engagement. Two themes are envisaged within this, with one focusing on integration, playing to regional strength in healthcare and transportation and the other focusing on bespoke products based on digital assembly. The North East has strong interest and potential in this space with many SMEs and industrial players and will be linked to CPI's National Centre for Printable Electronics.

*Potential match funding:* Innovate UK, H2020, Private Sector

*Partners so far:* CPI-led, supported by Business Durham and Durham University. Commercial partners are confidential.

## 2.4 Powder Processing Centre

*Project outline:* This centre will focus on developing an asset and knowledge base working with industrial partners to create a national open access powder processing facility, to be able to serve the UK's growing industrial base in this sector.

*Potential match funding:* Innovate UK, H2020, Private Sector

*Partners so far:* CPI-led, supported by Business Durham and Durham University. Commercial partners are confidential.

## 2.5 National Centre for Healthcare Photonics

*Project outline:* This will be a multi-disciplinary centre involving engineers, scientists, medical scientists and clinicians to develop and commercialise photonics based therapies for healthcare applications. SMEs in the North East are already active in this space and there is a huge potential to develop this into a coherent development and commercialisation activity to be able to target global markets. The centre will also build expertise in skills required to translate promising technologies into clinical practice such as health economics modelling and clinical trial planning.

*Potential match funding:* Innovate UK, H2020, Private Sector, LGF

*Partners so far:* CPI-led, supported by Business Durham and Durham University. Commercial partners are confidential.

## 2.6 Formulations Centre

*Project outline:* A recent Innovate UK special interest group has recommended that the UK should have a national formulation centre in a hub and spoke model, with the hub being located within CPI. CPI is keen to get the hub located in the North East. Plans are being developing for the creation of a £50M UK centre serving the consumer goods, pharmaceuticals, coatings, electronics and chemical industry. Building on CPI's strong formulation and continuous process chemistry group (e.g., nanodispersion processing), as well as formulation expertise in the Printable Electronics area (conductive inks, printable OLEDs etc.); Continuation and expansion of CPI's innovative and enabling formulation work. The CPI Formulation Centre is to form a spoke in the National Formulation Hub.

*Potential match funding:* Innovate UK, H2020, Private Sector

*Partners so far:* CPI-led, supported by Business Durham and Durham University. Commercial partners are confidential.

## 2.7 **Investor readiness and investment fund**

*Project outline:* CPI will develop an expert consultancy offering focused on helping hi-tech early stage companies and SMEs with high-growth potential, by offering a bespoke and robust investor readiness programme. This activity will also benefit from the breadth and depth of CPI's technical expertise in the broad area of high value manufacturing and will focus on helping companies that operate within these sectors.

*Potential match funding:* Innovate UK, H2020, Private Sector

*Partners so far:* CPI-led, supported by Business Durham and Durham University. Commercial partners are confidential.

## 2.8 **Innovation support and networks, NETPark integration centre**

*Project outline:* Focused incubation and innovation support. Industry Incubators to encourage spin off activities. Supply chain development. Technology development. Access to finance and support to win finance. Market assessment and support to win contracts. Talent development programme.

*Potential match funding:* Innovate UK, H2020, Private Sector

*Partners so far:* Business Durham-led, supported by CPI and Durham University. Commercial partners are confidential.

## 2.9 **Centre for Innovation and Growth**

*Project outline:* Beacon of open innovation enabling new opportunities for research, innovation and growth for growing technology based companies and inward investment. Local, National and International Fellowships bringing individuals into the Centre for Innovation and Growth

*Potential match funding:* Innovate UK, H2020, HEFCE, Private Sector

*Partners so far:* Durham University-led, supported by Business Durham and CPI. Commercial partners are confidential.

## 2.10 **Infrastructure at NETPark**

*Project outline:* Opening up Phase 3 of NETPark will be critical to maximising the impact of the above activities which will act as attractors of companies. This project is therefore about servicing Phase 3 at NETPark with suitable infrastructure. Further buildings are planned at NETPark but it is not yet certain that these will require ERDF.

*Potential match funding:* LGF, DCC

*Partners so far:* Business Durham-led.

## 3.0 **Energy & Sustainability, Maggie Bosanquet (RED Sustainability)**

### 3.1 **Domestic Energy Efficiency**

*Project outline:* Supporting energy efficiency retrofits in domestic properties across all tenures. Depends on Government guidance as to what can be delivered. Likely to be closely aligned to the regional Warm Up North project and discussions are taking place with TVU and north east local authorities. Ideally, area based schemes, training local people to undertake surveys and creating a network of local companies to deliver works. Close links to skills and training.

A regional meeting of 9 local authorities, B Gas, WUN and Group Horizon took place in June and a further workshop for all LAs is planned for September with a mapping exercise of CSCO/off gas areas and deprivation. Discussions are also ongoing with several social housing providers. Government guidance will define what we will be able to deliver.

A Durham scheme is planned at Craghead; discussions on-going to ensure match funding is in place. A second regional meeting will take place towards the end of 2014.

*Potential match funding:* ECO funding (especially for CISCO areas). Also householder contributions if they are eligible.

*Partners so far:* DCC Housing; some social housing providers; Warm Up North; Tees Valley Unlimited, British Gas and all WUN partner authorities in the North East; Group Horizon;

### 3.2 **Business Energy Efficiency**

*Project outline:* Aim to support businesses to reduce their rising energy costs (NECC business surveys regularly report this as a top 3 concern). Historically such support tends to focus on larger businesses and not help smaller ones. We want to produce comprehensive information that is accessible to all organisations, including micro, small and medium size enterprises (focus on no and low cost actions plus information on technology options) backed by surveys and finance (low interest loan and legacy fund) for energy efficiency interventions where appropriate.

High quality website has now been developed for us and fact sheet/ case study collation is on-going. Mechanism(s) needed to support businesses/landlords to undertake energy saving interventions; potential providers keen to talk to us.

The new Government Energy Savings Opportunity Scheme (ESOS) will encourage all companies over 250 employees to report plans to reduce their energy costs – Durham County Council is hosting a national launch event with DECC, NECC, NELEP and TVU on 22<sup>nd</sup> October; significant attendance from the largest regional companies shows how important this is. We hope to engage their supply chains.

*Potential match funding:* Loan scheme

*Partners so far:* NE Chamber of Commerce; Federation of Small Businesses, DCC Business Durham, Narec; Northumbrian Water; Tees Valley Unlimited; NELEP; DEELS companies; DECC;

### 3.3 **Community Energy Efficiency:**

*Project outline:* Supporting communities to set up small businesses (CICs etc.) to run local energy projects, including community owned renewables and community energy efficiency schemes. Working closely with DECC. Regional programme is being developed by VONNE (possibly TVU too). Some local communities have funds to invest. There is potential for significant training and skills development. The project will also focus on community buildings: buildings that function as a 'community hub', such as schools, leisure centres and community halls. Delivering energy efficiency and renewable energy improvements to these buildings has an educational function as well as supporting the creation of jobs and businesses.

Community Buildings England now officially launched and will pilot in the north east, working closely with DECC. Accredited community training schemes are now under

development with WEA / Narec. Apprenticeships are also being looked at. A low interest loan scheme could have value + explore community share options, etc. Public buildings are also included in the Government guidance so plans are being developed to include these too.

*Potential match funding:* Northern Power Grid, community equity,

*Partners so far:* Durham Community Action; County Durham Community Energy; Voluntary Organisations Network North East (VONNE), Green Community Buildings; Northern Power Grid; Community Buildings England; Government Department of Energy and Climate Change (DECC)

### 3.4 **Low Carbon Supply Chain – Biomass project:**

*Project outline:* Aim to develop the County-wide biomass supply chain. The County is scattered with small, unmanaged woodlands that could generate an income, create jobs and businesses and support sustainable energy production. Mapping exercise underway; gaps identified in skills (especially needed to replace an ageing workforce), in appropriate plant and machinery, in transport capacity and skills and in business support. Currently, biomass is bought in from outside the County to meet market needs. FC is publishing 'Roots to Prosperity' designed to grow the forestry & biomass sector. It identifies obstacles to growth and sees supply chain development as key. We especially need interventions to encourage demand for biomass; e.g. district heating schemes, public or community buildings, etc. A mapping exercise will be undertaken to compare heat demand, off gas areas and woodland cover. Advised that this project probably fits better under LEADER

*Potential match funding:* Forestry Commission (possibly)

*Partners so far:* Forestry Commission, Northwoods / Rural Development; Natural England; DCC; Environment Partnership Coastal, Heritage & Landscape Group, Wingate Energy Forest; Three Rivers LNP;

### 3.5 **Renewable Energy – District heating:**

*Project outline:* With the regeneration of key employment sites in Durham City, there is a unique opportunity to build in low cost and low carbon heating, cooling and electricity through a district heating, cooling and private wire network. DCC are applying to DECC for feasibility funding through the Heat Networks Delivery Unit. This will show DCC and partners the opportunities and risks associated with such a development and provide the foundations for which an application to the ESIF could be made. The cost of the feasibility study is £100,000 with 67% coming from DECC. £33,000 has been secured from Regeneration.

DECC has asked us to investigate opportunities for a water sourced heat pump from the river in Durham City for additional funding.

*Potential match funding:* Currently being investigated

*Partners so far:* DCC RED, Funding & Programmes; DECC; Durham University; Durham & Darlington NHS Trust; Police Authority; Aykley Heads Business Centre; St Leonards Comprehensive, Carillion.

### 3.6 **New & innovative Technologies – Eastgate:**

*Project outline:* The best untapped source of geothermal energy in the UK is at Eastgate, where a renewable energy village has been proposed following the closure of Eastgate

Cement Works. Excellent grid connections are in place and considerable initial drilling and feasibility work has been undertaken.

Two Technology Strategy Board (TSB) funding bids are under discussion; 1) early stage feasibility (up to £300,000) on magnetotelluric imaging to identify the presence of subsurface water in the Butterknowle Fault area so that drilling can be specifically targeted. 2) Mid stage (up to £3m) to develop electricity generation scheme for Eastgate with agricultural or tourism scheme to use the heat by-product.

*Potential match funding:* Applications for TSB funding

*Partners so far:* DCC; Lafarge; Cluff Geothermal; Durham University, Britgeothermal,

### 3.7 **Energy Systems:**

*Project outline:* Durham University plays a leading role in Energy systems policy in the UK, working closely with Government and Ofgem. The £ multi-million 'Customer Led network Revolution' project has driven research on customer behaviour to reduce peak electricity usage and follow-up projects are under discussion with Northern Power Grid. Smart grids, electricity storage and education / behaviour change would be at the heart of this University led project.

TSB funding has now been secured for the Gengame/ACE project to trial demand side response in County Durham. NPG will now match fund from the Low Carbon Networks Fund

*Potential match funding:* National Power Grid Low carbon Networks Fund / Ofgem; TSB

*Partners so far:* Durham University; Northern Power Grid; Oswald Consultancy

### 3.8 **Green infrastructure / Climate Adaptation:**

*Project outline:* This activity is highly dependent on clarification of Government policy. A wide partnership of organisations has expressed interest in Green infrastructure improvements (wetland and (overflow ponds), peatland protection, river restoration, etc. that will both reduce flood risk, tackle climate impacts and deliver health and wildlife benefits. Government guidance now suggests that only projects that specifically tackle flood risk to allow economic (business) development on a site will be permitted. Extensive review of County Durham sites suggests that de-culverting of the Cong Burn under Chester-le-Street Market Place would meet the criteria. This project will require more feasibility work but has potential.

Work on this is on hold until Government guidance on Objective 5 is clearer

*Potential match funding:* To be confirmed

*Partners so far:* DCC Neighbourhoods & RED Regeneration; Environment Agency; Local Nature Partnership; Northumbrian Water; Coastal, heritage and Landscape Group

### 3.9 **Low Carbon Skills:**

*Project outline:* A wide range of different projects and initiatives are under discussion across various departments (schools) of Durham University including the Durham Energy Institute, Anthropology, Biological and Biomedical Sciences, Engineering, Business School, Earth Sciences; Geography; etc. Projects are currently under development. Discussions are also taking place with New College to explore the potential for a renewable energy academy, creating apprenticeships in renewable energy linked to specialist SMEs.

*Potential match funding:* Tuition fees can be used as match. The University has reviewed all its research funding and some of this will be eligible. Funded PhDs being explored – to be part funded by the university and part funded by the relevant industry.

*Partners so far:* Durham University multiple departments; New College;

### 3.10 **Water Research Centre / Innovation Hub:**

*Project outline:* There is not a national centre for water research in the UK. Key County Durham organisations have developed significant national expertise in water related issues, including the Environment Agency, Durham University and Northumbrian Water, whose headquarters is in Durham. Specialist areas include minewater and metal treatment, river water quality improvements, catchment management, wet ecosystems, etc. The aim is to create a national centre of expertise with demonstration sites with a focus on commercial opportunities and industry links. A charitable trust would be established.

High level support has now been achieved for this from Durham University and Environment Agency. Durham University Head of Geography Department is providing a 6 month research post to develop the scheme. Partner event will take place on 10<sup>th</sup> September. We are also approaching Arup and Northumbria University. This is developing really well and is likely to be a regional collaboration project. Could be Objective 6 or possibly the core of a Sustainable Urban Development delivery model for ERDF. A regional study is to be commissioned looking at the current size of the water sector and opportunities for growth.

*Potential match funding:* To be confirmed.

*Partners so far:* Environment Agency; DCC; Durham University (several different departments); Northumbrian Water

### 4.0 **Skills & Employability, Graham Wood (Economic Development)**

4.1 The emerging European Programme provides significant opportunities under the ESF strand to progress activity in support of the Employment, Inclusion and Skills agenda. Across County Durham, the identified Allocation of Transitional Area ESF funding to support the Employability Skills and Inclusion extends to £ 48.2 million.

At a local level, development work has taken a number of forms, to encompass current and emerging issues. This includes:

- Assessing strategic fit,
- Partner / Stakeholder intelligence,
- Structured programme opportunities and current extendable contracted activity,
- Emerging programme (funding) opportunities which could provide match for eligible activity.

4.2 Strategic Fit considerations have centred upon ensuring fit with current & emerging strategies such as the Adult Skills Strategy and the Business, Enterprise and Skills Strategy

Partner and Stakeholder intelligence has sought to incorporate priorities identified through various engagement events including the skills and employment workshop of the CDEP Social Inclusion conference and a workshop session focussed on Employability issues delivered to the Registered (Housing) Provider group which meets to oversee responses to welfare reform.

4.3 Alongside Strategic fit and partner priorities / local intelligence, the main development area for Employment Skills and Inclusion reflects the typical use of ESF monies in this programme area. Through successive programme periods, a number of nationally

commissioned but regionally delivered ESF co-financed programmes have been in operation managed by either the Skills Funding Agency (SFA) or through the Department of Work and Pensions (DWP).

These co-financed tools include:

- Skills Support for Redundancy
- Skill Support for the Unemployed
- Skill Support for the Workforce
- NEETs programme
- National Careers Service - enhanced contract offer
- Support for Families with Multiple Disadvantage (Family Wise)
- Flexible Fund for the Unemployed
- English and Maths
- Skills Support in the Workplace for Work Programme Participants.

4.4 A number of the current co-financed programmes have been contracted with the potential to extension subject to finance availability. Progress and the potential of these programmes is still to be determined both in absolute terms and as seen against strategic priorities prior to any additional resources being notionally identified.

The proposed allocation of ESF funding against the priorities which cover the three thematic areas are set out below alongside an initial indication of the opt-ins to national co-financing organisations and the separate opportunities for open calls.

The block allocation referenced in the table overleaf reflects the ESF input to the Youth Employment Initiative. Recent development work has identified the potential need to provide additional ESF resource in this thematic area to ensure the continuation of programme resource beyond the lifetime of the YEI programme as well as to take advantage of the match funding opportunity provided by the Youth Employment Programme.

### **Potential Match funding**

4.5 The initial profile of resources identified above identifies almost £31.8 million of ESF profiled against open-call activity in Durham across the lifetime of the next programme. Discussions at a Regional and local level continue as to whether the remaining £16.4 million currently identified as Co-investment funding via the -opt in process is reflective of both recent programme scale and predicted need.

Equally important in this consideration is the availability of clean match from partners to deliver against this agenda, given certain constraints – particularly in the skills sector of being unable to use SFA budgets as match at a local level due to the SFA's role as a co-investment organisation nationally

Further to the conclusion of the considerations above, it is anticipated that the balance of funding will shift between open-call and opt-in allocations in due course.



**Proposed allocation of ESF funding against the priorities which cover the three thematic areas (October 2014).**

	Indicative County Durham Allocation	Opt- in (Potential)		Open Call	Co-investment opportunities ( Bold ) / potential activity
		Organisation	Value		
<b>Employability</b>					
8i Access to employment for Job Seekers and inactive people including long term unemployed (LTU)	£5,300,000	SFA DWP	£2,295,346 £368,124	£2,636,530	<b>Skills Support for the Unemployed programme</b>
8ii Sustainable integration into the labour Market of young People, especially those NEET	£7,700,000 ( YEI)	SFA	£4,300,000	£3,400,000	Co Durham YEI <b>NEETS programme linked to Youth Employment Programme</b> Self-Employment activity Intermediate Labour Market Projects
<b>Inclusion</b>					
9i Active inclusion with a view to promoting equal opportunities and active participation	£5,700,000	BIG	£1,300,000	£4,400,000	<b>Replacement for Families with Multiple disadvantage contract ( Familywise)</b> Mental Health and Employability Trailblazer
9ii CLLD	£6,000,000	-	-	£6,000,000	
<b>Skills</b>					
10iii Enhancing equal access to Lifelong Learning, upgrading the knowledge, skills and competencies of the workforce and promoting flexible pathways through careers guidance	£5,900,000	SFA	£2,480,723	£3,419,277	<b>Skills Support in the Workplace Careers Guidance Service – enhanced model</b>
10iv Improving labour market relevance of education and training systems, adaption of curricula and the development of work based learning systems	£17,600,000	SFA	£5,670,892	£11,929,108	Education Business programmes ( T.B.C.) Enterprise Skills Graduate / Intern placements into Industry
<b>Total</b>	<b>£48,200,000</b>		<b>£16,415,085</b>	<b>£31,784,915</b>	

## Partners

- 4.6 The design of potential activity at a County Durham Level for Adult Skills and Employment is being progressed by the Adult Skills Strategy Group a Task and Finish Group aligned to BES. Parallel development work is being undertaken through the Youth Employment Initiative and Volunteering groups providing the overall framework for Employment, Skills and Inclusion activity.

Additional engagement events have and will continue to be undertaken to provide a fine grain of detail for emerging activity, ensuring that local needs and opportunities to maximise resource availability are secured.

## Risk

- 4.7 The scale and complexity of the Employment, Skills and Inclusion and agenda presents multiple risks, principally around the following areas:
- The balance between opt in and open call resource.
  - The negotiation of opt-ins, including short timescales for the negotiation of any DWP opt-in.
  - Identification, securing and profiling of eligible match.
  - Development of pan- regional programmes for skills and employment delivery to reflect the regional / national nature of many contracts in this sector.

## Next Steps

- 4.8 Activity will continue at both a regional and local level to conclude the development of this element of the programme. It is envisaged that in parallel to the next phase of development of the opt-in programme activity, further roundtable events will be held through November to ensure gaps in provision and specific local needs are identified and fed into local development arrangements.

## 5.0 Youth Employment Initiative (YEI), Linda Bailey (Children & Adult Services)

- 5.1 *Project outline:* The Youth Employment Initiative (YEI) funding falls under the thematic objective on “promoting employment and labour mobility”. Within this objective, the aim is to address youth unemployment and ensure the sustainable integration into the labour market of people aged 16-24 who are not in employment, education or training.
- 5.2 Target Group  
The target group for YEI is young people/young adults aged 16-24 resident in County Durham, not in employment, education or training (NEET). The project will prioritise and focus support on those people who are over represented in the youth unemployment cohort including, but not exclusively, those who:
- live in a deprived area
  - have no or low level skills
  - have Special Educational Needs
  - are supervised by the Youth Offending Service
  - are in care or leaving care
  - young carers
  - are parents
  - have been out of education, employment or training for some time.

These people will often have multiple and interrelated issues that are potential barriers to learning and employment.

### 5.3 Context

Whilst the proportion of young people who are NEET (Not in Employment, Education or Training) in County Durham has fallen recently, reflecting concerted efforts by local partnerships, it remains higher than the national average. For example, the November 2013 to January 2014 average showed that the NEET rate in County Durham was 7.1% compared to 5.3% nationally<sup>1</sup>. There were 2580 JSA claimants aged 18-24 in County Durham in June 2014; 5.1% compared to 3.9% in Great Britain<sup>2</sup> and it is widely accepted that this figure significantly underestimates levels of unemployment in the county. There are between 6,500 and 7,000 fewer 16 to 24 year olds in employment since before the recession<sup>3</sup>.

### Workstream Activities

YEI is being developed along 3 broad themes:

#### 5.4 *YOUTH - supporting young people/young adults' progress into learning, training and employment*

Transition Advisers will help identify participants and support them to overcome their barriers to learning/training by undertaking an initial diagnostic assessment; engaging them on appropriate activities; supporting them into learning/training or employment and maintaining contact with them so that they remain in their chosen route and don't drop out. Peer mentors (apprentices and volunteers) will work alongside the Transition Advisers, supporting this activity and encouraging participants to realise their full potential.

#### *EMPLOYMENT - assisting young people/young adults into employment*

Activities to develop participants' employability skills and provide tailored pre-employment support, underpinned by Business Advisers working with employers to increase the number of employment opportunities for 16-24 year olds.

#### *INITIATIVE - re-engagement and raising aspirations*

Innovative activities to increase confidence, improve resilience and encourage progression into education, employment and training amongst the groups identified in 1. above. Innovative programmes will engage, motivate and inspire participants who are unemployed and need help to find employment.

#### 5.5 *Progress to date:*

- A YEI Activity Group was established 12 months ago, with representatives from the partner organisations outlined below. This group has undertaken considerable work: identifying the needs of young people/young adults in the county; researching and identifying best practice; creating the detailed elements in each of the YEI themes above.
- Focus groups have been held with 16-24 year olds, with 150+ taking part.
- A Simpl Challenge has been developed in conjunction with the Federation of Small Business North East, County Durham Foundation, and the County Durham Economic Partnership. It is a tool to encourage young people and adults to post their ideas online on how to tackle youth unemployment in County Durham.
- The first YEI newsletter was published in June.
- A YEI workshop was held in September, attracting 60+ attendees.
- A YEI Development Manager was appointed in September and is driving the project forward.

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<sup>1</sup> Source: County Durham 16-18 NEET 3 month average indicator for 13/14

<sup>2</sup> Source: JSA Claimant Count ONS June 2014

<sup>3</sup> Source: ONS Annual Population Survey, 4 quarter average

- 5.6 *Potential match funding:* Big Lottery/Skills Funding Agency.
- 5.7 *Partners so far:* The YEI Activity Group has broad representation from within Durham County Council and the wider learning and skills community. Representatives include colleagues from FE colleges and private providers, funding bodies (SFA and EFA), Job Centre Plus and organisations who specialise in working with the NEET group and vulnerable learners (Mencap, Groundwork, Talent Match).
- 5.8 *Risks:* There continue to be a range of unanswered questions relating to the commissioning and management of the YEI funding. Discussions are taking place with colleagues in the North East LEP and the Department for Work and Pensions (the Government Department that currently has responsibility for delivering ESF) seeking clarification. It has recently emerged that the Government are unable to provide any co-financing for the Youth Employment Initiative and are unable to clarify the levels of co-financing available for other areas of activity. Given the removal of a range of government grants and reductions in Council expenditure, the sourcing of match funding for eligible project activity could become a major inhibiting factor in the progress of the Programme.

## **6.0 Enterprise & Business Support, Sarah Slaven (Business Durham)**

### **6.1 SME Growth Package**

*Project outline:* A comprehensive package of measures to support SMEs in County Durham to grow, by developing their capacity and capabilities. Measures will include advice, consultancy support, workshops, sector specific initiatives, supply chain development, development of export opportunities, grant support for businesses investing in growth projects (could include e-commerce, marketing, product design, product and market diversification, HR consultancy, process & systems improvement, etc). To also include support towards capital investment by SMEs in production capacity, premises, infrastructure improvements.

Likely to encompass a number of projects. Not yet clear whether there will be a regional 'offer' for some or all of these elements. Where support is offered as regional programme, need to ensure active steps taken to maximise take-up by County Durham SMEs, for example presence on the ground, and may be a need for County Durham specific projects to enhance/wrap-around the regional offer. Discussions ongoing with NELEP & LA business support colleagues over the design of the Growth Hub and the recommendations of the recent business support mapping exercise. Position still unclear regarding MAS, UKTI and Growth Accelerator opt-ins. Close links to access to finance, skills and training.

*Potential match funding:* Private sector contributions, staff time from delivery organisations, opt-ins still to be explored but looking unlikely.

*Possible partners so far:* Business Durham, Durham University, MAS, UKTI, Growth Accelerator, Enterprise Agencies, others tbc

### **6.2 Comprehensive Pre-start and Start-up Package**

*Project outline:* County Durham comprehensive pre-start & start-up programme, including coaching, capability building, workshops, grant investment & business advice, peer to peer and volunteer mentoring, and specific support for social enterprise development. Will incorporate engagement activities to reach potential entrepreneurs in 'communities of interest' or geographic disadvantage (building on Durham Creatives model, RGN experience & welfare reform self employment pilot), accredited training in enterprise skills and business basics. Also to pilot new approaches to better business start-ups, including fast track, opportunities-led intensive start-up support. A package of support post-start for

the first 2 years of trading will also be offered, to address the gap between start-up support and support for growth.

*Potential match funding:* Currently being explored, discussions with NEEAL partners over possible model, potential to use client contributions post-start, staff time from delivery organisations, SFA for ESF elements

*Possible partners so far:* Business Durham, Enterprise Agencies / NEEAL, Blue Sky Think, Derwentside Homes, Durham University, others tbc

### 6.3 *Tourism & Food Sector Package*

*Project outline:* Provision of business skills training to enhance competitiveness and skills of micro-businesses and SMEs involved in the visitor economy. Support to enhance competitiveness of micro and SMEs in food & drink and retail sectors, linked to the visitor economy.

*Potential match funding:* Private match, client contributions and other sources being explored

*Possible partners so far:* Visit County Durham, County Durham Food Partnership, Links to Sustainable Local Food Strategy, others tbc

### 6.4 *Business Education Engagement Package*

*Project outline:* A range of interventions to enable better engagement between business & education, in order to develop a skilled workforce, provide opportunities for young people to move into employment, and promote enterprise. Also measures to better engage SMEs in the County with the expertise in Durham and Sunderland Universities, which could assist businesses to grow and become more competitive. Could include projects for undergraduates, internships, collaborative research opportunities, use of equipment and expertise.

Some projects will be developed from Education Business Engagement Board action plan. Also to pick up measures originally identified for YEI but which now not eligible. Close links to Youth Employment Initiative, skills and training.

*Potential match funding:* Yet to be fully explored, possible opportunity through university's widening participation programme, staff time from delivery organisations, schools contributions.

*Possible partners so far:* Business Durham, Durham Business Education Partnership, Durham University, Sunderland University, DCC CAS, schools, Young Enterprise, others tbc

### 6.5 *SME Infrastructure Package:*

*Project outline:* Infrastructure improvements to allow further redevelopment of business parks, repurposing of existing stock, capital development of key employment sites, further capital investment in rural enterprise hubs to provide infrastructure for SMEs in rural areas (building upon Rural Growth Network pilot), development of community buildings into incubator hubs for social enterprises, support for private sector to implement capital build work for new workshops/offices.

This area of activity needs further development, ideas very tentative at this stage pending further clarification of ERDF rules around intervention rates, Article 55 etc.

*Potential match funding:* Local Growth Fund, private sector contributions, other sources yet to be explored

*Possible partners so far: tbc*

## **7.0 Access to Finance, Simon Hanson (Federation of Small Business)**

Small and medium enterprises (SMEs) are a vital part of the County Durham economy. The Access to Finance EU workstream has met alongside the Enterprise and Business workstream over the last few months to understand and agree the key barriers for County Durham but also to ensure that the developing picture through Access to Finance North East is complimentary to the County Durham business needs. The picture painted was of a complex and mismatched set of needs, incentives, and policies. Observations by the group and potential areas for future collaboration include:

- Substantial issues with the supply of finance to SMEs. These include regulatory disincentives to lend, as well as an inflexible system for assessing SME applications for finance. This often leads to SMEs having their applications for finance rejected, or being provided with unsuitable forms of finance.
- Problems with SME financing also existed on the demand side, including a lack of demand from SMEs for the types of finance available, and a lack of knowledge about alternative funding sources. A programme of promotion and awareness raising has been discussed.
- The current system of assessing SME applications for finance is inflexible. A move towards relationship banking would be desirable and allow banks a much better understanding of the situation businesses are in. This would mean they could provide more appropriate finance and support than in the more rigid system of assessment which currently exists.
- There needs to be a longer term view of the effect capital requirements have on lending, including an awareness of the fact that if capital requirements on banks are too high it can create incentives which reduce lending.

### **Workstream Activities**

- 7.1 *Investment Readiness*; Real opportunity to build local capacity through effective operational requirements as a result of County Durham's transition status. CDEP would need to be involved in helping to support locational activity and setting realistic and deliverable local targets, balanced against the demand for the wider North East Programme.

A further role for the promotion and de-mystifying of finance packages was also seen as important. This has been cross referenced with the business engagement work being led through the wider EU Investment Group.

The role of the business bank was considered to be to tackle structural and long term problems as well as consolidating existing finance schemes. It would also attempt to increase the provision of finance to viable but under-served businesses by providing them with diverse sources of finance, as well as addressing the lack of longer term 'patient capital'.

- 7.2 *Alternative forms of finance*; such as crowd funding, also offer some solutions to the financing needs of SMEs by providing new streams of funding for them to access. There is also potential for partnerships between traditional and new systems of finance and could be used to address key sector investment for example, Manufacturing, Social Enterprise and Creative Industries.
- 7.3 *JEREMIE 2*: The group are looking to respond to the expected consultation on the preparation for the next Access to Finance North East funding model. As this programme develops in turn gaps in provision and local programme development will emerge.

Partners to date

FSB, NECC, Business Durham, North Star Finance, Yorkshire Bank, Barclays Bank, NatWest, Atom Bank, Carlton & Co, NESEP, NELEP, Particular Legal, Hotspur Finance, NBSL, Durham University, Growth Accelerator and Access to Finance North East.

## **8.0 Social Inclusion, Joanna Laverick (Durham Community Action)**

- 8.1 Social Inclusion cuts across many of the issues that the County is facing in today's economy. As such it was decided to approach the multiple drivers behind social inclusion through a conferencing approach.
- 8.2 The Social Inclusion Conference was held, in November 2014 and brought together over 200 partners from a diverse range of disciplines and backgrounds, to share perspectives on what social inclusion means for County Durham. Delegates were asked to discuss current barriers to inclusion in the County, and initiatives which are already in place to build more effective inclusion, alongside a challenge to consider the means for removing barriers and innovating new and effective models for support, within the constraints of EU funding compliancy.
- 8.3 The conference was structured around a range of thematic workshops, to enable debate and information sharing between delegates. The conference produced a range of objectives, which form the framework for developing initiatives and projects, which in turn will address issues of inclusion across the main ESIF programme.

Given the theme of social inclusion, most of the potential interventions can be proofed across key thematic areas of the programme, in particular:

- Youth Employment Initiative (YEI)
- Adult Skills
- Enterprise and Business support

Common themes which were generated by partners include:

*Supporting infrastructure:* a need for increased capacity across the partnership, together with services that underpin access to skills and employability for the most disadvantaged people. Examples of infrastructure needs include access to technical assistance, alignment of business support and volunteering, and development of a cohesive volunteering network, closely aligned to opportunities which enhance employability. Supporting infrastructure illustrates needs which are cross cutting to the programme as a whole and have particular resonance with respect to social inclusion issues.

*Employability and skills:* The need for a brokering role which links services and clients into employment and opportunities to develop skills. These services need to provide opportunities for inter-generational and family focused interventions and strategies for reaching those furthest from the labour market.

*Community Cohesion:* Use of community assets as a catalyst for community enterprise, as hubs for learning and skills, and for fostering local opportunities for volunteering and engagement of more isolated people.

*Intelligence:* Sharing intelligence from across all thematic areas. Building on good practice, developing strong delivery partnerships and sharing intelligence about good practice and opportunities, particularly with respect to employment and skills.

*Proofing Interventions:* Strategic objectives and fit for social inclusion, now need to be followed up with development of project ideas, shaping opportunities in terms of deliverable outcomes/outputs, match funding and delivery models.

*Emerging Issues:*

- Need to build strong partnerships with capacity and resources to carry risk, manage projects and to enable effective and inclusive delivery.
- Match funding. BIG Lottery opt in will not be available until 2016. Capacity and resources currently within the VCS would indicate an increased likelihood of reliance on open call for project roll out. The issue for the partnership in County Durham will be focused on sourcing match funding, aligning budgets and ensuring commissioning is linked to opportunities within the ESIF programme.
- Need to explore opportunities for working with agencies outside County Durham where relevant and where there is expertise and capacity.

## **9.0 Capital Infrastructure, Claire Williams (Funding & Programmes, DCC)**

A pipeline of potential projects requiring ERDF Capital is being developed through a number of the existing CDEP EU thematic workstreams, as follows:

- 9.1 *Innovation* – capital linked to possible investment in infrastructure, premises and equipment is being developed as part of the workstream led by Catherine Johns. Discussions have taken place about the possible need for ERDF to fund infrastructure for the next phase of NetPark. It is likely that the first round of calls for projects, in Spring 2015, will include an open call for ERDF capital to support innovation.
- 9.2 *SME Development* – possible capital for SME infrastructure and premises is being incorporated into the workstream led by Sarah Slaven.
- 9.3 *Low Carbon* – capital linked to business energy efficiency improvements, Energy Village development, retrofit measures etc. is being developed as part of the Low Carbon economy workstream. This workstream is also picking up potential investment in flood mitigation measures and green infrastructure.
- 9.4 *Sustainable Transport* – an indicative amount of funding (£7.5m) was earmarked for this thematic objective within the ESIF Strategy, for a package of activity including public transport infrastructure (Horden Railway Station), Urban Traffic Control and transport development. During the recent negotiations with the European Commission on the UK's Partnership Agreement and England's ERDF Operational Programme this thematic objective has been removed, apart from in the less developed region of Cornwall and the Isles of Scilly. We are now trying to interpret the section within the OP relating to Low Carbon, to assess whether any of the potential sustainable transport activities could be funded under this objective.
- 9.5 *Digital Durham* – capital investment requirements are being developed as part of work led by Tony Thompson / Janine Docherty.



**10. Areas of potential Council project activity identified through the above partnership activities.**

Service Area	Programme Delivery	European Funding
RED; Housing Solutions	<p>Further work to reduce homelessness (prevention), skills development opportunities (tenancy support).</p> <p>Other areas to expand include building on existing European funding received for projects like Family Coaching officers and Familywise.</p>	<p>ESF</p> <p>ESF</p>
RED; Business Durham	<p>Better business growth programme - support business growth through advice</p> <p>Rural enterprise hub development – further capital investment in rural enterprise hubs to provide infrastructure for SMEs in rural areas, building upon Rural Growth Network pilot</p> <p>Invest in County Durham - support for private sector to implement capital build work for new workshops/office</p> <p>NETPark Phase 3</p> <p>Low Carbon Supply Chain – Business Support</p>	<p>ERDF</p> <p>ERDF</p> <p>ERDF</p> <p>ERDF</p> <p>ERDF</p>

	Business Network Management; Including, Business Engagement, Marketing, and coordinating Countywide programme of activity	ERDF/ESF
RED; Visit Durham	Support to enhance competitiveness of SMEs in food & drink & retail sectors, where linked to development of visitor  Local Marketing and Visitor attraction schemes	ERDF/ESF  ERDF
RED; Sustainability	Green Infrastructure. This could include Sustainable Urban Drainage, flood mitigation schemes etc....Focus on reclamation of land for economic and social uses.  Business Energy and Energy Efficiency. Focusing on providing business support on energy use and efficiency. Targeting Small Business base.  Transport and employment support targeting hard to reach communities linked to employment.	ERDF  ERDF/ESF  ESF
RED; Economic Development	Apprenticeships: building on the core apprenticeship programme but offering a wider sector focus and broader delivery. For example building on the energy efficiency supply chain	ESF

	opportunities’.	
CAS; Progression & Learning	<p>Investing in Education, Training and Vocational Learning through direct DCC delivery team.</p> <p>Tackling NEETS; Projects to include Peer Mentoring/ Transition support, Direct support for Young People into Employment, Raising Aspiration activity.</p>	<p>Direct €9m Youth Cohesion</p> <p>ESF</p> <p>ERDF</p>
CAS; Progression & Learning	<p>Investing in Education, Training and Vocational Learning activities</p> <p>Training for Skills and Lifelong Learning activities</p> <p>Tackling Social Inclusion and Combating poverty. This would include employment services within hard to reach clients; Offenders, Community development and wider links to public health service.</p>	<p>ESF</p> <p>ESF</p> <p>ESF</p>
ACE; Area Action Partnership	<p>Investing in Education, Training and Vocational Learning</p> <p>Training for Skills and Lifelong Learning</p> <p>Tackling Social Inclusion and Combating poverty</p> <p>Community Buildings- Sustainability and Community Heating Projects in DCC schools and community buildings</p>	<p>ESF</p> <p>ESF</p> <p>ESF</p> <p>ESF</p>