

## REPORT TO EXECUTIVE



<b>DATE</b>	<b>27th May 2008</b>
<b>PORTFOLIO</b>	<b>Regeneration &amp; Housing</b>
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### North West Operational Programme 2007-13 – European Regional Development Fund

#### PURPOSE

1. To update Members on the latest developments in relation to the new European Funding Programme, the North West Operational Programme (NWOP) 2007-13.
2. To outline schemes that have been identified as having potential to be taken forward under this programme and to seek approval of how these are prioritised given the limited funding available through the programme and the level of competition submissions will face across the region.

#### RECOMMENDATION

3. That Members approve the following schemes as priorities for funding:
  - a Pennine Lancashire wide scheme to support enterprise development, building on the existing LEGI Programme.
  - the Weavers Triangle and Princess Way Enterprise Park
  - a Pennine Lancashire wide scheme to support worklessness activity
  - a scheme to upgrade Manchester Road rail station, subject to eligibility
4. That Members authorise Head of Regeneration and Economic Development to develop funding applications for projects under the North West OP 2007-13 in line with these priorities.

#### REASONS FOR RECOMMENDATION

5. The NWOP has limited funding available and early prioritisation will enable us to concentrate the council's resources where most appropriate, thereby maximising

opportunities afforded by this funding stream to deliver key projects within the Borough and across Pennine Lancashire.

6. To enable officers to respond quickly and appropriately to emerging and unpredictable programme deadlines and requirements with project submissions to access funding from the programme in line with previously agreed corporate priorities.

## SUMMARY OF KEY POINTS

### Background

7. The 2007-2013 North West Operational Programme has now been approved by the European Commission. A previous report outlining the aims and objectives of this funding programme was submitted to the Executive at its meeting on 24<sup>th</sup> July 2007 and a summary is attached in [Appendix B](#). £521million is available across the region, of which £212 million of this is ringfenced to Merseyside, leaving £308 million for of rest of the North West.
8. The main focus of the programme is increasing the regional GVA and projects will be expected to make a significant contribution to this, focusing on high value business and growth sectors.

### Funding Allocations

9. As detailed in Appendix B the programme is broken down into 4 Priorities each containing a number of 'Action Areas' providing further detail of what activity they will support.
10. **Priorities 1 and 2** worth £97 million and £43 million respectively for the North West will predominantly be allocated through non-competitive selection with Business Link North West as the primary channel for these resources. There may be some scope sub regionally to support the provision of incubator units (see analysis of potential projects in Appendix A)
11. Under **Priority 3** of the programme Action Area 3.1 that will be exclusively targeted at Merseyside. Action Area 3.3 (worth £10.5m) aimed at improving the tourism offer of the region is likely to be targeted at the region's main Attack Brand locations including Blackpool and the Lake District.
12. Action Area 3.2 is worth £32m for the North West (excluding Merseyside) and will be targeted at bringing forward employment/business sites classed as being of **regional significance**. Following a review of the Strategic Sites contained within the Regional Economic Strategy, and other sites identified by sub regional partnerships, a list of sites that will be eligible for funding through this Action Area has now been approved by the Programme Monitoring Committee. None of Burnley's sites have been included on this list as they were not felt to meet the relevant criteria. These criteria focus on economic impact and demand, sustainability, planned investment, proximity of amenities/workforce and the knowledge economy sector.
13. **Priority 4** offers scope for sub regional or locally led activity, and is targeted at increasing employment opportunities in disadvantaged areas. Burnley and Pennine Lancashire are

identified in the RES and the NWOP as areas of disadvantage. Under Action Areas 4.1 – **Stimulating Enterprise in Disadvantaged Communities and Under represented Groups** - £5.4 million is available across the North West. A Pennine Lancashire wide scheme, building on the existing LEGI programme is the proposed route to access this funding.

14. Under action area 4.2 – **Supporting Linkages to Key Employment Areas** - £8.1m is available across the North West. Again if is proposed that Pennine Lancashire wide scheme aimed at linking workless residents to new job opportunities is pursued.
15. Action Area 4.3 - **Employment Creation for Areas of Regeneration Need** will support physical investment in sites and buildings that will support employment creation focussed on worklessness challenges. £41 million is available for activity across Lancashire, Greater Manchester, Cheshire and Cumbria. Given the restrictions placed on Action Area 3.2, all of Burnley's potential employment sites including Princess Way, Hepworths, Town Centre, Michelin, Weavers Triangle and Neighbourhood sites are potentially competing for funding from Action Area 4.3, which given the broad parameters of this measure will be heavily over subscribed. To put this in perspective Burnley's sites alone could spend around £36 million ERDF.
16. In light of this there is a need to carry out some early prioritising in terms of the potential benefits and ability to deliver of Burnley's employment development sites. There has been some positive indication that the NWDA see both the Weavers Triangle and the Princess Way Enterprise Park as attractive candidates for Action Area 4.3 although deliverability within the timescales of the programme must also be considered. To meet de-commitment targets set by the European Commission some £200 million must be spent by December 2010 and so the NWDA will be seeking to commit to projects that can commence activity and achieve early spend. Expressions of Interest have to be submitted to the NWDA by end May 2008.
17. An analysis of all the potential employment site projects that are potentially eligible for funding under action area 4.3 has been carried out, assessing timescales, potential availability of other funding, issues that may inhibit progress and potential impact. This is outlined in [Appendix A](#). From this, the Weavers Triangle and the Princess Way Enterprise Park projects have been identified as priorities for submission for funding under AA 4.3.

## **FINANCIAL IMPLICATIONS AND BUDGET PROVISION**

- 18 The ERDF programme will only fund 50% of eligible costs. Under the new European Programme (as distinct from the earlier Programme) , ERDF for eligible works can be matched by public or private sector funding. Match funding is therefore not dependent upon NWDA's Single Programme funding, and in many cases (e.g. Princess Way, Weavers Triangle, etc), projects will actually require private sector partners to finance and deliver them. Where public match is needed and Single Pot monies are not available, there will be a requirement to consider projects' suitability under the Capital Programme, LEGI and the Working Neighbourhoods Fund.
19. As with all significant externally funded projects revenue implications must be considered. Associated costs of successful projects will include audit costs, cash flow costs as a result

of spending money in advance of grant income being received, staffing costs including project management, legal and property services. Many of these costs will be legitimate project costs and therefore covered by the grant. Some costs (particularly audit fees and cash flow) will not be covered and the implications of this will be more fully investigated and outlined in individual reports on the schemes that are taken forward. It may also be the case that some of the projects are developed by the private sector so additional costs would then be born by the developer rather than the Council.

#### **POLICY IMPLICATIONS**

20. The schemes identified in Appendix A contribute to the achievement of the Prosperity strategic objective as outlined in the Strategic Plan 2008/09 and contained within the Sustainable Community Strategy.

#### **DETAILS OF CONSULTATION**

21. Mike Cook, Director of Regeneration and Housing  
Hugh Simpson, Head of Regeneration and Economic Development  
Mike Hollows, NWDA.

#### **BACKGROUND PAPERS**

22. All documentation held in REDU, 1<sup>st</sup> floor, 9 Parker Lane

#### **FURTHER INFORMATION**

**PLEASE CONTACT:**

**Alison Davies, External Funding Manager**

**ALSO:**