

County Durham Investment Plan

European Structural and Investment Funds 2014-20
Priorities, Approach and Areas of Investment

July 2016



Introduction

County Durham lies at the heart of the North East. As a European Transition Region, it is recognised that the County has some significant economic challenges, but also has some major opportunities for growth and wealth creation, building upon our assets and competitive advantages.

The County Durham Economic Partnership has set out an ambitious vision to boost economic performance by investing in our places, people and businesses, with the greatest potential for growth. The Partnership has set itself an ambition to return to pre-recession employment levels over the next 20 years, with associated growth in business, employment and wealth. The 2014-2020 EU Structural Investment Programme offers a significant opportunity for investment in the County to boost economic recovery and contribute to the ambitions of the North East Local Enterprise Partnership and also the Europe 2020 Strategy.

The resources available through the EU are significant. The County has been awarded €157m in Structural Funds, with an additional €9m of Youth Employment Initiative (cohesion) Funding for the programme period. The County will also be able to take advantage of €13.1m European Agricultural Fund for Rural Development which has been allocated to the North East Local Enterprise Partnership.

This narrative sets out how the Partnership considers that these resources can be best used to support economic growth in County Durham, the amounts we intend to invest against our objectives and the performance outputs we intend to deliver. Whilst we expect some adjustment to these original projections over the lifetime of the programme, the Investment Plan is our statement of intent to guide EU funded project and commissioning activity up until 2020.

Statement of Intent, Ambitions and Priorities

Our ambition is *'to create sustainable places where people want to live, work, invest and visit whilst enabling our residents and businesses to achieve their potential'*. Through an integrated investment approach in our social and economic infrastructure **EU investment we help to bolster growth, boost our SME competitiveness, develop our workforce and create more innovative and adaptable businesses in a low carbon economy in County Durham, we will:**

- **grow our business base through business and enterprise, support, innovation, export growth and the commercialisation of key sectors**
- **create more and better jobs and job opportunities, with a particular focus on expanding the chances for young people**
- **make the most of the development and business opportunities in Durham City**
- **enhance our economic infrastructure**
- **improve and develop breadth of skills and demand led skills of our workforce**

County Durham Regeneration Statement (2012-22)

'To create sustainable places where people want to live, work, invest and visit whilst enabling our residents and businesses to achieve their potential'

Five Ambitions

- Thriving Durham City
- Vibrant and Successful Towns
- Competitive and Successful People
- Sustainable Neighbourhoods and Rural Communities
- Top Location for Business



However, essentially our focus is to support economic growth through the creation of employment opportunities: more and better jobs.

Key Measures of Success, Outcomes and Outputs

The CDEP's Regeneration Statement sets out our Vision of a County characterised as a place where people want to live, work, invest and visit. It sets out a growth led approach to regeneration and economic development, capitalising on opportunities, and sets out 5 desired social outcomes, our longer term measures of success, that we have agreed as priorities to be realised over the next 20 years.

Of the five outcomes, the CDEP has agreed that the top priority outcome is to improve our **employment rate**. Taking into account demographic change, it has been quantified that in order to achieve the pre-recession employment rate will require an additional 30,000 residents of County Durham to be in employment. This will come from a mix of:

- Additional employment and self-employment opportunities located in the county
- More residents being able to access employment within a broad travel to work area
- Additional numbers of employed people becoming resident in County Durham

This supports the North East Local Enterprise Partnership's aspiration of more and better Jobs.

Through EU and other investment we would expect to make significant progress towards the achievement of these 5 outcomes with significant impact upon the employment rate, the number of businesses supported to grow and the increased social inclusion of our residents through the access of tailored support to improve skills development and employability prospects. Our high level EU outcomes are:

- Increase number of jobs located within the County
- Improve residents access to employment opportunities
- Increase our numbers of businesses and the diversity
- Increase or retain higher value/paid jobs

Longer Term Measures of Success (up to 2030)

- The County Durham **employment rate** to converge to and be maintained at pre-recession levels (73% of the working age population) within the period 2010-2030 leading to 30,000 additional people in employment for County Durham residents
- The **number of businesses** in the County to increase by 4,300 by 2030 contributing towards the rise in the employment rate
- Gross **household disposable income** to rise within the next 20 years to 103% of the region's values (or 87.4% of the national figure)
- The County's per capita **GVA** figure to rise to 87% of the regional value (or 68% of the UK figures) by 2030
- The number of Lower Super Output Areas in the County which are ranked nationally in the top 20% of the **Index of Deprivation's** employment domain to reduce from the current number of 174 to 64

The Table below illustrates the investment through Durham ESIF programme and the output targets

Thematic Objectives	Activities	Amount €	Amount £ (0.78)	Outputs
ERDF				
Innovation	Incubation space, test and lab facilities Greater collaboration between enterprises and research and public institutions Increase innovation in businesses - bringing more new products / processes to the market	€20,202,394	£15,757,867	517 enterprises receiving support 280 enterprises cooperating with research institutions 41 jobs created 1,007 (Sq. M) public or commercial buildings built or renovated
SME Enterprise	JEREMIE 2 – access to finance Coordinated Business Support Develop sites for appropriate incubation and grow on space for businesses	€44,221,258	£34,492,581	3,488 enterprises receiving support 1,438 new enterprises 1,445 jobs created 434 (Sq. M) public or commercial buildings built or renovated
Low Carbon	Promoting renewable energy and energy efficiency, Promoting low carbon strategies and adaptation measures Research and innovation in and adoption of low carbon technologies	€23,475,245	£18,310,691	645 enterprises receiving support 8,692 (tonnes of CO2 eq) GHG reduction
Climate Change Adaptation	Support climate change adaption	€3,583,975	£2,795,501	1,232 business and properties with reduced flood risk
CLLD	Community led economic development	€2,218,851	£1,730,704	
ESF				
Employability (€24,423,567)	Access to Employment NEETS (preventative activities and post YEI) YEI*	8,071,455 7,352,112 18,000,000	6,295,735 5,734,647 12,780,000	6,600 participants 6,070 participants 4,370 participants
Social Inclusion (€12,443,488)	Active Inclusion Including Big Lottery: Building Better Opportunities (BBO) CLLD	9,908,277 2,535,211	7,728,456 1,977,465	4,220 participants 1,660 participants
Skills (€25,639,811)	Enhancing Lifelong Learning Improving labour market relevance of education and training systems	21,706,295 3,933,516	16,930,910 3,068,142	16,120 participants 360 enterprises supported
ESIF Total		€ 165,434,288	£129,038,744	

EAFRD			
Support for micro and small businesses (measure 6.4)	Provide capital grants to support rural businesses grow and create jobs Provide appropriate tourism accommodation	£5,000,000	350 jobs created 140 businesses supported
Support for visitor destinations and tourism infrastructure (measure 7.5)	Provide opportunities to improve the range and quality of tourism destination facilities to attract more higher spending and longer staying visitors from outside the North East	£4,500,000	
Support for tourism co-operation (measure 16.3)	Development of Destination Management Plans and collaborative initiatives between businesses to identify and develop networks and supply chains.	£500,000	
North East EAFRD Total 10.5m			

The Evidence - Our Economy

The County faces significant economic challenges, suffering from structural unemployment, low land values and low levels of investment. To turn our growth led vision into reality we need to direct investment into areas of activity in the most effective way possible. Using a sound policy and evidence base will help us utilise the best opportunities for investment, with the highest likely impact, to support local economic growth.

Our priorities are built on a strong evidence base and clearly illustrate that as a transition region we have greater needs, but also opportunities to develop our economic base. Informed locally by our County Durham Economic Assessment (2010), the evidence base developed through our local development framework (2010 - 2014) and local Innovation Framework (2013), coupled with evidence at a regional level through the North East Independent Economic Review (NEIER, 2013) and the commissioned studies on the European goals of smart, sustainable and inclusive growth (2013), and the emerging North East Strategic Economic Plan (2014) we are in a strong position to make the most of opportunities presented and recognise the key sectors we need to exploit to improve productivity and create higher value job opportunities for our residents.

In summary we can conclude our fundamental economic challenges are:

- low employment levels
- low productivity and innovation growth, across all sectors
- too few businesses and private sector jobs
- lower land values/yields
- pressurised public sector and support services
- skills levels which do not support innovation and meet business needs
- varied geography with pockets of high employment deprivation and social deprivation
- lower household disposable income
- dispersed pattern of towns and villages with limited access to viable transport connections
- the need to expand our infrastructure offer and connectivity to strengthen our local economy

State of Our Economy

- £6.5bn economy
- over 500,000 resident population
- 67.1% employment rate with 228,000 in employment (witnessed a 6.5% employment decline)
- 4.9% self-employed (18,200)
- 3.7% JSA Claimants (12,038 claimants)
- GVA per head of population stands at £12,875 (61% of UK figure)
- 14,820 businesses employing 159,000. This total business stock remains below the national average and dominated by smaller businesses.
- Demographics show 30 years of population decline is now growing but those of working age will decrease whilst 65+ will increase.

Why invest in Durham?

- Our SMEs are a key driver for economic growth and are critical to our recovery, innovation, employment and social inclusion.
- SMEs need help accessing finance, attracting and sustaining skilled workers, developing commercialisation and innovation.
- We have growth potential in our 'wealth creating sectors' including; manufacturing, energy, tourism, transport and storage, creative industries, professional scientific and technical activities and health and social work including more niche areas in surface sciences.
- We sit within the heart of the north east region and provide an excellent location for businesses with access to regional, national and international markets.
- We need to bolster our existing assets for market led growth in Durham City and capitalise the opportunities presented in our business parks like Newton Aycliffe and Peterlee and our premier science park at NETPark.
- We create new businesses; spin offs and supply chain development opportunities for business growth linked to our national companies like Hitachi and institutions like Durham University with its global recognition.
- We continue to improve our skills achievements and work with business to meet are future demand led skills needs.

Our investments must address the following high level issues:

Low Employment Levels

- Durham, the north east and the UK have all failed to reach their pre-recession employment levels. We have lower than national average employment rate at 67.1% employment rate and have witnessed a 6.5% employment decline 2008-12. Recent increases in employment levels are welcomed but slower than those witnessed elsewhere.
- The County's manufacturing industry accounts for 17% of all jobs (and 20% of GVA), higher than the regional (12%) and national (10%) average. Total employment has also increased in the leisure & tourism, hotels & restaurant, and niche sectors within digital & creative and financial & business services over the last ten years.
- There are relatively few jobs in County Durham (2 people of working age for every job in the County, compared to 1.4 people nationally and 1.6 regionally).
- County Durham has lower numbers employed in the private sector and in turn is under-represented within the 'knowledge economy', accounting for significant structural challenges in the County.
- Our rate of unemployment is stabilising compared to recent years, however is far too high. Youth unemployment within the County remains a significant problem. The growing numbers of unemployed 16-24 year olds – 10,500 more 16-24 year olds out of work since the start of the economic downturn. We also have a growing number of young people not looking for work, especially amongst females. As recognised by NELEP we need more jobs and better jobs to impact upon our productivity but also to provide better support, wages, deliver skills growth and opportunities for our young people.
- The routes to employment and skills for employability need to be tackled through a variety of approaches whether through coaching, mentoring, enterprise or volunteering to improve social mobility, the chances of our residents in securing employment and help tackle income deprivation. Employment is strongly linked to physical and mental wellbeing and the longer people remain out of work the harder they find to return. Early and supportive interventions benefit both the individual and business.

Boost Business Growth and Wealth Creation

- We have an estimated 14,820 businesses employing 159,000 people with approximately two thirds employed on a full time basis and a third employed part time. 96% of our businesses employ less than 50 people and 80% employ less than 10 people and the total business stock remains below the national average. In addition to this, we know through our economic assessment that there are a very substantial number of micro businesses which are not included at all in these statistics. Although individually small, their combined contribution to the GVA of the County is significant.
- Our productivity is low, with GVA per head of population stands at £12,875, approximately 61% of the UK figure, compared to the North East at 76%. Generating wealth remains a key challenge for our local economy and illustrates the margins we need to close. Encouraging and supporting our businesses to trade, export and be more efficient will be an important part of this.
- Private sector job growth is needed to create a more balanced economy and supporting business growth, innovation and commercialisation is key. The Witty Review highlighted Durham University in the top 20 nationally for research in Offshore Wind (3rd) and energy storage (9th). We need to translate ideas, research and innovation into wealth and prosperity as innovative economies deliver higher returns on investment and are more resilient to change. Provision of innovation hubs, supporting access to broadband, ICT and finance are critical to our business growth.
- Wealth creating sectors in advanced manufacturing, including manufacturing, energy, transport, surface sciences, exports, creative industries, innovation and technology and tourism need to be harnessed to boost our economic performance.
- Providing access to an array of financial support and capitalising on investments such as Hitachi through the development of supply chain activity, and expanding the research capacity of our businesses, will enable the growth of our business base.
- We have relatively low levels of business start-up and self-employment at 4.9% of working age population and we must provide the necessary

support to help create new businesses, improve business resilience and better access to finance. The CDEP has recognised the need to increase the number of businesses in the County by 4300. To meet this challenge we need to increase the number of business start-ups by about 50% (Bank Start Data suggests current levels are about 226 per month and this needs to increase this by 100 per month to achieve the CDEP targets). We will do this through a variety of approaches from stimulating enterprise education, volunteering, business support programmes, financial assistance and advice and guidance.

Improve Low Skills and Availability of Skilled Workforce

- The County continues to suffer the hallmarks of low skills equilibrium even though educational attainment continues to improve with the number of young people achieving 5 or more A* - C GCSEs or equivalent including Maths and English being higher in County Durham than the regional and national levels.
- We have persistent high rates of 16-18 year olds Not in Education Employment or Training (NEETs), with 10.4% in County Durham compared to 8.3% in the North East and 5.8% in England. Participation in learning rates of young people in vulnerable categories is low; similarly education attainment is lower for young people from lower income families. Widening participation in learning, apprenticeships and higher education remains a challenge and needs to be addressed both from the perspective of the individual as well as the wider economy.
- Durham has witnessed skills improvements over recent years within its working age population, with 24.2% having NVQ Level 4 or above qualifications, although this remains significantly lower than the NELEP at 27.0% and within England at 34.2%. However, numbers of those aged 25-49 with NVQ Level 4 or above is significantly behind the NELEP figures of 35% and compared to 42% in England and we still need to improve participation in higher level skills, particularly from amongst our most disadvantaged residents.
- To retain our competitiveness and stimulate business growth we must retain higher value jobs and support employer led skills growth through skills development and training, volunteering, mentoring and enterprise.

- Our teaching and research assets like Durham University, CPI at NETPark and our further education colleges provide important infrastructure and opportunities for us to improve our skills base and human capital.

Enhance Infrastructure

- Durham has an untapped potential in its infrastructure, with its location at the heart of the wider north east region and access to neighbouring city conurbations. The A1 and A19 corridors and planned broadband investment; maximising the potential in Durham City, our central corridors and business investments such as Hitachi. We must address and improve the quality of our infrastructure including ICT, SME property provision and innovation facilities to remain competitive.
- We recognise the challenge of our isolated pockets of deprivation, our rural make up of small towns and villages which present varying needs and opportunities in terms of infrastructure development. Rural economic growth will be supported through tailored business support, enterprise hubs, tourism activity and continuing to work closely with the North East Farming and Rural Advisory Network (NEFRAN).
- Connectivity is not only physical, but hard infrastructure is needed within areas like Durham to stimulate economic growth and open up areas of opportunity. Access to sustainable transport will be part of our approach to ensure we remain a connected low carbon economy.

Our Approach

In response to the evidence and to address our economic and labour market trends, partners have identified that through EU investment we must:

- Maximise the opportunities for job and wealth creation across the county
- Harness the market led investment potential within Durham City in terms of business and tourism growth to provide more and better job opportunities for residents within the county
- Make the most of our infrastructure presented through our A19 and A1 Corridors. These connecting routes between the urban conurbations of Tyne & Wear and Teesside give access to regional and national markets and there are a number of major development and employment growth opportunities, whilst not forgetting the rurality issues faced by those areas within the west of the county
- Invest in our businesses to grow, strengthen and diversify our economic base
- Invest in our people and their access to employment. There is a major opportunity to improve the skills and employability of our residents and to invest in the infrastructure necessary to connect people to employment opportunities. Social inclusion will be a key component of this investment.

As a transition region, County Durham's allocation is €157m split between ERDF and ESF. As an area with significant structural economic weaknesses, and in order to stimulate market led investment and the creation of jobs, significant ERDF resource will be needed to develop SME competitiveness and resilience, stimulate job growth, support business growth and enhance our infrastructure. With the additional €9m from the Youth Employment Initiative, it is considered that there will still be a significant resource to support skills, social inclusion, and employment projects.

Development of Project Pipeline

The CDEP Board and its Business Enterprise and Skills Working Group established 12 workstreams to review our priorities, evidence of need and indicate and develop areas of potential activity for EU investment that will deliver desired benefits. Each workstream is listed in the adjacent table and has:

- Undertaken analysis of existing data to provide an evidence base balancing need and opportunity.
- Reviewed existing strategies and frameworks to ensure fit for purpose alignment with partnership objectives
- Established an evidence base of existing successful activities which support the key objectives of the workstream areas.
- Identified and developed innovative approaches to tackling the areas of need and opportunity and potential gaps in existing activity that additional resources could add value to achieving economic partnership outcomes and benefits.
- Work towards development of a project pipeline, which identifies planned activities, costs and targets against the key priorities within the Thematic Objective.

County Durham Thematic Workstreams

- *Innovation*
- *Digital Demand*
- *Business Support*
- *Pre & Start Up Enterprise*
- *Infrastructure*
- *Energy/Sustainability*
- *Volunteering*
- *Education & Business Links*
- *Youth Employment*
- *Access to Finance*
- *Apprenticeships*
- *Higher Level Skills*
- *Social inclusion*

JEREMIE 2

Locally, access to business finance is recognised as a challenge and a mechanism for stimulating economic growth. JEREMIE is a programme currently in operation that provides access to finance for businesses within the north east. In order to address the ongoing challenges faced by businesses within the county, we will allocate £11.7m and support the development of **JEREMIE 2** through the NELEP. This is on the condition that a dedicated, County Durham located Holding Fund Manager is in place from the outset, that the CDEP have a member representative in the governance arrangements which provide an advisory role on the Board of the Fund with the CDEP Board providing the accountable decision making mechanism and that the product mix and phasing of the product mix are appropriate to County Durham businesses.

Partners will continue to explore the benefits and plausibility of a variety of **financial instruments** to deliver our EU programme to maximise resources and benefit realisation. The CDEP welcomes the opportunity to contribute to discussions around a **North East Investment Fund** (building on a European Commission JESSICA type programme) within the NELEP ESIF Strategy; however there are reservations on how appropriate this urban development model is to our county and the plausibility of including the majority of capital infrastructure in such a fund. However, there is recognition of the longer term potential this type of financial instrument may present.

SME growth via Access 2 Finance will be underpinned by an indicative allocation of £11.7m for Access to Finance

Priority Axis 1 Promoting Research & Innovation

Investment priorities			
<ul style="list-style-type: none"> • Building collaborative research between enterprises, research institutions and public institutions • Bringing new products and business processes to the market, including those linked to 'key enabling', the 'eight great' and health science technologies • Development of innovation space to support commercialisation of research and development 			
Allocation	Potential Commitments	Remaining	% remaining
£15,757,867	£ 5,454,417	£ 10,303,450	65%

Research and Innovation in County Durham

Full Applications submitted

<p>Project Sponsor: Durham University</p> <p>ERDF Transition: £868,300</p> <p>ERDF Total request: £943,804</p> <p>Total projects cost: £2,302,000</p>	<p>Durham Water Science Hub</p> <p>The Water Hub will engage a range of enterprises and organisations from across the water sector, cross-cutting with Smart Specialisation networks. Through Knowledge Transfer programmes, Product and Process Innovation schemes and Network of Testing and Laboratory Facilities, the Water Hub will support North East enterprises to drive, develop and commercialise research, helping them to bring products and processes to market, gaining greater access to the water market. Through national and international networks, it will attract inward investment and deliver smart and sustainable economic growth in the region. By 2020, we aim to be an internationally recognised Water Centre of Excellence.</p>
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Cross-LEP Programmes

There are a number of pan-regional programmes which aim to break down barriers to SME innovation through diagnostics and bespoke capacity building support to innovate.

Applications approved

Project sponsor: RTC North West ERDF Transition: £ 194,492 ERDF Total request: £1,042,728 Total project cost: £ 2,020,624	The Innovation Pathway Part of wider project delivering across the NELEP area to increase the competitiveness of SMEs operating in the healthcare sector, through support to increase uptake and/or commercialisation of new products, process and IP.
Project sponsor: NE Business and Innovation Centre (BIC) ERDF Transition: £ 75,006 ERDF Total request: 521,439 Total project cost: £ 1,017,877	North East Innovation Supernetwork Part of wider project delivering across NELEP area to develop an Innovation Supernetwork, increasing collaboration between clusters and networks, promoting best practice
Project sponsor: NE Business and Innovation Centre (BIC) ERDF Transition: £197,640 ERDF Total request: £820,439 Total project cost: £ 1,574,997	SME Innovation Programme Part of wider project delivering across NELEP area supporting SMEs by tackling perceived barriers to innovation, facilitating access to expertise.

Applications submitted

Project sponsor: Centre for Process Innovation (CPI) ERDF Transition: £ 2,596,000 Total project costs: £ 4,554,000	Emerging Electronics Manufacturing Centre, NETPark Investment in research infrastructure and staff to support design, development, testing and commercialisation of interactive industrial and consumer products, will support inwards investment and supply chain development
Project sponsor: Newcastle University ERDF Transition: £179,891 ERDF Total request: £482,412 Total project cost: £774,778	Commercialisation of university research Commercialisation through provision of management skills to assist in successful spin-out company creation.
Project sponsor: Newcastle University ERDF Transition: £88,006 ERDF Total request: £1,008,090 Total project cost: £2,009,708	Creativity Works Utilise university expertise to embed R&I potential and processes within creative and cultural SME's including exchange of best practice
Project sponsor: RTC North ERDF Transition: £100,000 ERDF Total request: £500,000 Total project cost: £1,000,000	Innovate2succeed (Enhancing Management Innovation Capacity in SMEs) Providing tailored support to SMEs to enhance their innovation management capacity, including in depth diagnostic assessment and bespoke package of support.

Project sponsor: CPI ERDF Transition: £1,155,082 ERDF Total request: £1,312,593 Total project cost: £2,302,000	CIF ESM Outreach - Centre for Innovation Formulation Supporting regional/national formulation SMEs to extract additional value from enhanced engineered surfaces and materials.
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Further Areas for Investment

The Call launched in April 2016 has been extended to 30 September 2016:

<https://www.gov.uk/european-structural-investment-funds/research-and-innovation-call-in-the-north-east-rolling-call-oc25r16p-0374>

Further themes in development include proposals for:

- A North East Space & Satellite Applications Hub
- A Low Carbon Energy Conversion Research Centre
- “Durham Smart County” – a public health innovation programme

Priority Axis 3 Enhancing the Competitiveness of SMEs

Investment priorities			
<ul style="list-style-type: none"> Promoting entrepreneurship, in particular by facilitating the economic exploitation of new ideas and fostering the creation of new firms, including through business incubators. Supporting the creation and the extension of advanced capacities for products, services and development. Supporting the capacity of small and medium sized enterprises to grow in regional, national and international markets and to engage in innovation processes 			
Allocation	Potential Commitments	Remaining	% remaining
£ 34,492,581	£ 18,346,417	£ 16,146,164	47%

PA3 programmes in County Durham

Full application submitted

<p>Project sponsor: Durham County Council ERDF Transition: £744,056 Total project costs: £938,728</p>	<p>Business Durham and partners will focus on identifying potential market opportunities for SMEs and helping businesses to realise these opportunities. The project will help to increase the demand for and take up of regional and national business support products by County Durham businesses. The programme will also fill gaps in the business support offer where identified needs of County Durham businesses are not being met, resulting in better connected and more competitive SMEs. Measures will include advice, consultancy support, workshops, sector-specific initiatives; supply chain 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). To also include support towards capital investment by SMEs in production capacity, premises, infrastructure improvements.</p>
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Cross-LEP Programmes

Applications approved

<p>Project sponsor: NBSL ERDF Transition: £ 1,514,038 ERDF Total request: £3,882,148 Total project cost: £7,627,175</p>	<p>North East Business Support Fund (NEBSF3) Support capacities and capabilities of SMEs, targeting those with potential to grow their markets, innovate products and services. SMEs will access external expertise and will receive voucher style contribution towards costs.</p>
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<p>Project sponsor: RTC North ERDF requested: £290,960 ERDF Total request: £1,475,338 Total project costs: £2,853,637</p>	<p>Designing Better Business Supporting SMEs to become resilient and move up value chain by increasing internal capacity to innovate and respond to evolving needs of current and untapped markets.</p>
<p>Project sponsor: Generator North East ERDF Transition: £102,000 ERDF Total request: £867,000 Total project costs: £1,664,244</p>	<p>Digital Futures Delivering BS provision to new/existing SMEs and potential entrepreneurs within the CDIs, will provide first point of contact, and business support to harness growth and exploit domestic/global trade opportunities</p>
<p>Project sponsor: NEPIC ERDF Transition: £95,047 ERDF Total request: £479,503 Total project costs: £927,324</p>	<p>SME Growth via Facilitated Market Access and Energy Management</p>
<p>Project sponsor: North East Enterprise Agency Ltd ERDF Transition: £475,298 ERDF Total request: £1,328,701 Total project costs: £2,498,968</p>	<p>Enterprise Support in the North East Offering support for individuals with ambitions to start business or social enterprise, will include targeted engagement, outreach and advice and support.</p>
<p>Project sponsor: North East Automotive Alliance ERDF Transition: £132,360 ERDF Total request: £702,058 Total project costs: £1,359,996</p>	<p>Advancing the Competitiveness of NE Automotive SMEs Package of support to SMEs in automotive sector to expand business capability through business excellence and increased trade</p>

Applications submitted

<p>Project sponsor: Sunderland University ERDF Transition: £282,702 ERDF Total request: £2,359,457 Total project costs: £4,624,682</p>	<p>Internships and Enterprise Supporting growth of SMEs through deployment of graduate level skills, through placement of graduates into SMEs</p>
<p>Project sponsor: North East Worldwide Ltd ERDF requested: £2,863,131 Total project costs: £4,660,576</p>	<p>Expanding NE presence in International Markets Complement UKTI provision to increase capability and capacity of SMEs to internationalise, increasing numbers of local exporters and value of exports, through providing tailored support including grant assistance for Export Growth Plans</p>

Project sponsor: Princes Trust ERDF Transition: £26,652 ERDF Total request: £308,441 Total project costs: £ 608,002	Better off in Business Engaging young people from under-represented groups to establish and grow a business, including intensive workshops, networking, one to one mentoring
Project sponsor: Sunderland Council ERDF Transition: £120,173 ERDF Total request: £1,201,727 Total project cost: £2,356,328	Sunderland Software City Continued growth of software sector in NE, providing direct support, financial assistance and access to market opportunities

Where support is offered as regional programme, there will be a need to ensure active steps taken to maximise take-up by County Durham SMEs. A presence on the ground may be required.

Further Areas for Investment

The Call launched in April 2016 has been extended to 30 September 2016:

<https://www.gov.uk/european-structural-investment-funds/sme-support-call-in-the-north-east-rolling-call-oc25r16p-0375>

Schemes supporting enterprise in the Transition Region could include:

- A package of support post-start for the first 2 years of trading to address the gap between start up support and support for growth
- SME Infrastructure Package to allow further redevelopment of business parks, repurposing of existing stock, capital development of key employment sites
- Tourism & Food Sector Capacity Building Package to enhance competitiveness of micro-businesses and SMEs, particularly the food & drink and retail sectors
- 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 as incubator hubs for social enterprises, support for private sector to implement capital build work for new workshops/offices
- 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.
- 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. This could include projects for under-graduates, internships, collaborative research opportunities, use of equipment and expertise.
- County Durham comprehensive pre-start & start-up programme.

Priority Axis 4 Supporting the Shift Towards a Low Carbon Economy in All Sectors

Investment Priorities			
<ul style="list-style-type: none"> Promoting energy efficiency and renewable energy use in enterprises. Supporting energy efficiency, smart energy management and renewable energy use in public infrastructure, including in public buildings, and in the housing sector. Promoting low-carbon strategies for all types of territories, in particular for urban areas, including the promotion of sustainable multimodal urban mobility and mitigation-relevant adaptation measures. Promoting research and innovation in, and adoption of, low-carbon technologies 			
Allocation	Potential Commitments	Remaining	% remaining
£ 18,310,691	£ 643,362	£ 17,284,768	96%

Low Carbon Economic Growth in County Durham

Full applications submitted

<p>Project sponsor: Durham County Council</p> <p>ERFD Transition: £533,887</p> <p>Total project cost: £698,335</p>	<p>Durham's Business Energy Efficiency Project (BEEP) will provide an intensive package of support for SMEs to achieve increased energy efficiency, renewable energy use and business resilience to reduce greenhouse gas emissions and bottom line costs, enhancing competitiveness and supporting business growth. BEEP will be available to any SME within County Durham, with engagement achieved by various means; via the Durham Business Opportunities Programme; through geographical targeting of Business Park communities and enterprise zones, many of which already have active, business-led management groups and through promotional events and peer to peer learning (this model has already been successfully piloted in Peterlee Business Park). The programme will be delivered in close association with our strategic partners who work with SMEs, including Business Durham and their team of business advisors, the Durham and Darlington Federation of Small Business (FSB), Climate North East, Northern Powergrid and the North East Chamber of Commerce (NECC), who will form a Project Steering Group. A focus Group of SMEs will help steer progress.</p>
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Applications in development

Durham County Council are exploring an opportunity to work with the low carbon supply chain to develop an innovative solid wall insulation solution for stone built housing which is currently exempt from intervention due to planning constraints. Auckland Castle Trust is developing a proposal to exploit Deep Geothermal Energy.

Cross-LEP Programmes

Project sponsor: NAREC Distributed Energy ERDF Transition: £109,475 ERDF Total request: £383,162 Total project cost: £ 724,900	Growing the Renewables and Low Carbon Supply Chain Supply chain development
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Further Areas for Investment

The Call launched in April 2016 has been extended to 30 September 2016:

<https://www.gov.uk/european-structural-investment-funds/low-carbon-call-in-the-north-east-oc25r16p-0379>

Further low carbon economy schemes in the Transition Region could include:

- Renewable heat networks, powered from deep geothermal and mine-water sources
- Renewable generation, smart distribution and storage energy schemes
- Innovation in construction and insulation materials to achieve low carbon housing
- Whole-place sustainability schemes including integrated energy and transport solutions
- Smart energy business parks
- Smart specialisation linkages of digital sector underpinning innovation in energy control systems.

Priority Axis 5 Promoting Climate Change Adaptation, Risk Prevention and Management

Investment priorities			
<ul style="list-style-type: none"> Promoting investment to address specific risks, ensuring disaster resilience and developing disaster management systems 			
Allocation	Potential Commitments	Remaining	% remaining
£ 2,795,501	-	£ 2,795,501	100%

Climate Change Adaptation programmes in County Durham

There has been no PA5 Call issued to date. In planning a pipeline, schemes specifically supporting flood mitigation in the Transition Region have been difficult to identify due to ratio of the allocated outputs commercial properties protected versus the ERDF allocation of £1.4 million. Development to mitigate flooding at Chester le Street has been noted as a location that could attract Environment Agency investment of £1.5 million but the proposed scheme will only attract a limited number of businesses and there is a significant short-fall to meet scheme total estimated costs of c. £6.5 million. Some modelling work has already been carried out previously. The Environment Agency is proceeding with an options appraisal for the site.

Cross-LEP Programmes

As the outputs are locality defined, Durham will work with NEC and the LEP to share good practice, but commitment of Transition Region ERDF allocation is directly influenced by economic geography of the locality. No call has been issued to date.

Further Areas for Investment

The feasibility of meeting eligible flood mitigation outputs through upland management of water catchments and via peatland restoration is being discussed with DCLG.

ERDF Priority Axis 8 Community Led Local Development (CLLD) & ESF Priority Axis 1.5

CLLD puts the people experiencing a need or challenge in the driving seat

Strategies are designed and projects are selected by local entities. This is the most distinctive feature of CLLD and its greatest advantage.

- People who were seen as the problem are empowered to become part of the solution
- Their direct experience - in combination with the views of other stakeholders - can help to adapt policies far better to real needs and opportunities
- Their involvement in the process increases their capacity to act and take constructive initiatives
- This in turn induces a sense of local identity and pride, as well as a feeling of ownership of and responsibility for activities
- Taking part as an equal around the table with other partners builds bridges and trust between people, private enterprises, public institutions and sectoral interest groups

ERDF Allocation	Potential Commitments	Remaining	% remaining
£ 1,730,704	£ 16,100	£ 1,714,604	99%
ESF Allocation	Potential Commitments	Remaining	% remaining
£ 1,977,465	£ 13,800	£ 1,963,665	99%

CLLD in County Durham

CLLD turns conventional top-down development approaches on their head by starting with the vision of where local actors would like to be in the future and what they think should be changed in order to get there. Responding to local needs comes first and funding is seen as a means to an end. Durham partners are supportive of **CLLD**, which is recognised as one of the delivery mechanisms under the *Promoting Social Inclusion and Combatting Poverty* EU Thematic Objective. This model of development which mobilises all the key players in a local area in a collaborative partnership to increase employment and overcome disadvantage will be actively encouraged within the county. This approach will not only contribute to our higher level ambitions but help to deliver local impact and build upon successes delivered through the LEADER model (RDPE) which has been in operation since the early 1990s. CLLD will help support capacity building within our communities and provide the opportunities for more locally led and tailored solutions to tackling economic growth, job creation and supporting social mobility. It is also entirely in keeping with the Partnership's ethos of joint working and partnership accountability.

Application approved

<p>Project sponsor: Durham County Council</p> <p>ERDF and ESF requested: £16,100 & £13,800</p> <p>Total project cost: £46,000</p>	<p>CLLD for North and South Durham Preparatory work to develop LDSs for North and South Durham. During the preparatory stages both areas will look to confirm an Accountable Body, establish a Local Action Group and produce a Local Development Strategy. North and South Durham CLLD areas have been identified based on the top 20% most deprived SOA's and the eligible adjacent wards. In order to achieve this, engagement will happen within the local communities via existing networks that have been developed and are operational through the Area Action Partnerships.</p>
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ESF Priority 1.1 Access to Employment for Job Seekers and Unemployed People

Investment priorities

Access to employment for job seekers and inactive people, including the long term unemployed and people far from the labour market, also through employment initiatives and support for labour mobility.

- To improve the employability of long term unemployed people, so that they can compete effectively in the labour market.
- To provide individuals from groups which face particular labour market disadvantage with additional support so that they can compete effectively in the Labour Market.
- To encourage inactive people to participate in the labour market and to improve their employability.
- To address the basic skills needs of unemployed and inactive people so that they can compete effectively in the labour market.
- To provide support for women at a disadvantage in the labour market and particularly in the labour market, and those who are currently inactive, to contribute to our efforts to reduce the gender employment gap.

Allocation	Potential Commitments	Remaining	% remaining
£ 6,295,735	£ 1,608,000	£ 4,687,735	74%

Access to Employment for Job Seekers and Unemployed People in County Durham

Full applications

Project sponsor: NECA	Mental Health Trailblazer
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Cross-LEP Programme/Opt-Ins

Project sponsor: DWP Opt In ESF requested: £1,608,000 Total project cost: £4,392,000	Employment support To enable people to overcome barriers to employment by addressing the multiple factors that contribute to social exclusion and deprivation
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Further Areas for Investment

Projects currently in development include the NECA Mental Health Trailblazer and The Prince's Trust is also exploring support for young people under this priority axis.

ESF Priority 1.2 Sustainable Integration of Young People

Investment priorities

Sustainable integration into the labour market of young people, in particular those not in employment, education or training, including young people at risk of social exclusion and young people from marginalised communities, including through the implementation of the Youth Guarantee.

- To support the rise in the participation age by providing additional traineeship and apprenticeship opportunities
- To engage marginalised 15-18 year olds and support them to re-engage with education or training
- To address basic skills needs of young NEETS so they compete in the labour market
- To provide additional work experience and pre-employment training opportunities to unemployed 18-24 year olds
- To support young lone parents to overcome the barriers they face in participating in the labour market

Allocation	Potential Commitments	Remaining	% remaining
£ 5,734,647	£ 550,000	£ 5,184,647	90%

Sustainable Integration of Young People in County Durham

See cross-LEP activity below with Durham County Council as delivery partner.

Cross-LEP Programmes/ SFA Opt In

Full applications submitted

Project sponsor: SFA Opt In ESF requested: £550,000 Total project cost: £2,792,350	Activity in Durham will be complementary to YEI and focus on preventative agenda
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Further Areas for Investment

To be reviewed.

ESF Priority 1.3 Youth Employment Initiative (YEI)

Investment priorities

Sustainable integration into the labour market of young people (YEI), in particular those not in employment, education or training, including young people at risk of social exclusion and young people from marginalised communities, including through the implementation of Youth Guarantee.

- To support the rise in the participation age by providing additional traineeship and apprenticeship opportunities for 15-29 year old NEETs in YEI areas, with a particular focus on 15-19 year old NEETs.
- To engage marginalised 15-29 year old NEETs in YEI areas and support them to re-engage with education or training, with a particular focus on 15-19 year olds.
- To address the basic skills needs of 15-29 year old NEETs in YEI areas so that they can compete effectively in the labour market.
- To provide additional work experience and pre-employment training opportunities to 15-29 year old NEETs in YEI areas, with a particular focus on those over 18.
- To support 15-29 year old lone parents who are NEET in YEI areas to overcome the barriers they face in participating in the labour market (including childcare).

Allocation	Commitments	Remaining	% remaining
£ 12,780,000	£ 12,780,000	£ 0	0%

YEI in County Durham

<p>Project sponsor: Durham County Council ESF requested: £12,780,000 Total project cost: £17,040,000</p>	<p>Tackling youth unemployment has been recognised as a high priority for County Durham. With the additional resource through the Youth Employment Initiative (YEI) to reinforce support available through the ESF, we will work with partners to accelerate implementation of the YEI.</p> <p>DurhamWorks is an exciting, innovative programme led by Durham County Council in partnership with seventeen external delivery partners. An offer letter has been issued and the programme will support 5830 15-24 year old unemployed County Durham residents into employment, education or training through intensive and long-term support; innovative and engaging activities to develop motivation, work-related skills and work experience and increased employment opportunities. Extensive research undertaken with NEET young people has informed the development of a strategic framework of activities that will be delivered across three strands:</p> <ol style="list-style-type: none"> 1. Transition, Peer Mentor and Employment Support 2. Engagement and Progression of Vulnerable and Disadvantaged Groups 3. DurhamWorks New Employment Zone.
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ESF Priority 1.4 Active Inclusion

Investment priorities Active inclusion, including with a view to promoting equal opportunities and active participation, and improving employability: <ul style="list-style-type: none"> To support people with multiple and complex barriers to participation to address these underlying issues and to move closer to or into the labour market To support prisoners in custody and on release, and those without work who are serving sentences in the community, to improve their employability To engage marginalised individuals and support them to re-engage with education, training, or in employment 			
Allocation	Potential Commitments	Remaining	% remaining
£ 7,728,456	£ 2,853,600	£ 4,874,856	63%

Active Inclusion in County Durham

Delivery partners will ensure that active inclusion is embedded within the delivery of all ESI-funded projects.

Project sponsor: SFA Opt In ESF requested: £453,600 Total project costs: £2,000,000	Community Grants Small grants programme (typically of £15k) to third sector of small organisations that would not otherwise be able to access ESF for the purpose of mobilising disadvantaged or excluded unemployed and inactive people into positive activity that will bring them closer to entering the labour market.
Project sponsor: BIG Lottery Opt In ESF requested: £2,400,000 Total project cost: £2,400,000	Building Better Opportunities Groundwork is currently developing a second stage application.

Cross-LEP Programmes/Opt-Ins

- SFA Opt In Specification: Community Grants** small grants programme to third sector of small organisations that would not otherwise be able to access ESF for the purpose of mobilising disadvantaged or excluded unemployed and inactive people into positive activity that will bring them closer to entering the labour market.
- BIG Lottery Opt In: Building Better Opportunities** Groundwork - currently developing second stage application. This programme will provide holistic support for those furthest from the labour market.

Further Areas for Investment

Open calls for projects will aim to address gaps in provision against the above activity.

ESF Priority 2.1 Enhancing Lifelong Learning

Investment priorities

Enhancing equal access to lifelong learning for all age groups in formal, non-formal and informal settings, upgrading the knowledge, skills and competences of the workforce, and promoting flexible learning pathways including through career guidance and validation of acquired competences

- To address the basic skills needs of employed people, particularly in SMEs and micro businesses
- To increase the skills levels of employed people from the existing level to the next level up, to encourage progression in employment
- To increase the number of people with technical and job specific skills, particularly at level 3 and above and into higher and advanced level apprenticeships, to support business growth
- To increase the skills levels of employed women to encourage progression in employment help address the gender employment and wage gap

Allocation	Potential Commitments	Remaining	% remaining
£ 16,930,910	£ 5,000,000	£ 11,930,910	70%

Enhancing Lifelong Learning in County Durham

SFA Opt In- To develop the skills of those in employment, with particular attention being paid to individuals at risk or recently made redundant, and those facing barriers to job progression or sustainment. Opt In specification issued

Cross-LEP Programmes

- **Additional Delivery Options - Opt-ins** We will support the delivery and development of several of the proposed **opt-ins** presented through the EU programme.

ESF Priority 2.2 Improving labour market relevance of education and training systems

Investment priorities

Improving the labour market relevance of education and training systems, facilitating the transition from education to work, and strengthening vocational education and training systems and their quality, including through mechanisms for skills anticipation, adaption of curricula and the establishment and development of work based learning systems, including dual learning systems and apprenticeship schemes.

- To promote improvements in the labour market relevance of skills provision through active engagement with relevant institutions and employers, particularly SMEs and micro businesses.

Allocation	Potential Commitments	Remaining	% remaining
£ 3,068,142	-	£ 3,068,142	100%

Improving labour market relevance of education and training systems in County Durham

None approved to date. Awaiting SFA Opt In Specification

Cross-LEP Programmes

None approved to date.

Further Areas for Investment

Schemes in the Transition Region could include:

- Building capacity in SMEs to provide project/placement/internships opportunities and enhance the contribution of advanced skills to SME growth
- Promoting apprenticeships by developing a supportive environment for employer engagement

European Agricultural Fund Rural Development

Investment priorities

- Support for micro and small businesses (measure 6.4) - including capital grants to support rural businesses and providing tourism accommodation
- Support for visitor destinations and tourism infrastructure (measure 7.5) – improve the range and quality of tourism destination facilities
- Support for Tourism co-operation (measure 16.3) – development of Destination Management Plans and collaborative initiatives

Measure	North East Allocation	Potential Commitments
Business Support (micro and small businesses)	£5,000,000	£0
Tourism Infrastructure	£4,500,000	£0
Tourism Cooperation	£500,000	£0

There have been no EAFRD calls issued to date

Governance

Governance Framework

The ESIF Programme is governed locally by a local sub-committee made up of representatives from a variety of organisations from across the NELEP area. The composition of the committee reflects the range of partners relevant to the thematic objectives covered by the funds and the three funding streams that make up ESIF (ERDF, ESF and EAFRD).

Durham's position as a Transition area has been recognised within the local ESIF governance structures and the County Durham Economic Partnership is represented on the Local ESIF Sub Committee. Durham is also represented on the Committee through a local representative of the North East Combined Authority (NECA).

The role of the ESIF Sub Committee is to oversee the successful implementation of the NELEP area's ESIF Strategy and its allocation of funding for 2014-2020. Its key responsibility is to advise the Managing Authorities on the development of calls and the strategic fit of projects. This is to ensure alignment of the ERDF and ESF Operational Programmes at a national level with local understanding of needs. The role of the ESIF Sub-Committee supports the work of the national Growth Programme Board and is established in line with the national Terms of Reference as set out in the Operational Programmes.



Partnership working in Durham

Within Durham a strong partnership approach has been taken to delivering the ESIF programme, with the County Durham Economic Partnership (CDEP) taking a lead in steering and overseeing the EU investment strategy for spending Durham's transition region allocation. Through the County Durham Economic Partnership a wide range of partners have been brought together to identify and develop funding opportunities. A Durham European Investment Group has been established, chaired by the Vice Chair of the CDEP, which will:

- identify areas of activity to deliver the strategy and priorities outlined in the Durham European Investment Plan

- ensure that interventions are strategic, timely, plausible, deliverable, match funding is in place and aligned with targets.
- monitor the delivery of interventions and achievement of output targets

It is important that Durham is recognised in terms of its opportunities, needs, priorities and transition status within the Governance arrangements in several aspects of the North East ESIF Strategy and delivery mechanisms, most importantly the Local ESIF Sub Committee, but also in governance arrangements for JEREMIE and any proposals for the use of the North East Investment Fund (based on JESSICA programme model) and Opt-ins development.

It is important that the CDEP is able to quickly respond to changes in the local economy and that we ensure a robust project management approach to ensure the maximised benefit from EU investment. We will ensure that all proposed activities set clear priorities for action, have a clear rationale for the services and projects to provide the best value for money. We will ensure that interventions are evidence based, fit with policy, our strategic priorities and strategy, complement partnership activity, have undergone appropriate consultation measures, help us deliver added value and ensure that activities are evaluated.

Technical Assistance (TA)

Within Durham support is available to applicants wishing to apply for ERDF and/or ESF.

Durham County Council is a delivery partner in part of a wider ESIF Technical Assistance (TA) project, led by the North East Combined Authority, involving its constituent local authorities and the LEP. It aims to ensure successful delivery of the ESIF programme within the NELEP area through local engagement activity and project development with partners.

TA staff within Durham County Council will work with the CDEP to raise awareness of upcoming ESIF opportunities at a local level to ensure maximum engagement with the programme. Support will be provided to develop projects and is available to anyone. Work will also be undertaken to improve the understanding of the ESIF programme, what funding opportunities it offers, what activity is eligible and how to develop compliant projects that meet EU funding requirements. This will include a series of workshops, seminars and training sessions.

If you require further information about Durham ESIF programme or would like advice and support to develop an application for funding please contact:

Email: ESIF@durham.gov.uk or Telephone: 03000 269484



European Union

European Structural
and Investment Funds



County Durham
Economic Partnership