

HAMPSHIRE COUNTY COUNCIL

Decision Report

Decision Maker:	Executive Lead Member for Economy, Transport and Environment
Date:	17 June 2021
Title:	New Everywhere International SMEs (EIS) European Project Funding
Report From:	Director of Economy, Transport and Environment

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Purpose of this Report

1. The purpose of this report is to outline the benefits of the [Everywhere International SMEs \(EIS\)](#) extension project, to seek endorsement for the submission of application for funding, and to seek approval to deliver the project if it is approved by the Interreg Europe programme.

Recommendation

2. That the Executive Lead Member for Economy, Transport, and Environment endorses the submission of the application by the County Council, as lead partner and accountable body, to the Interreg Europe programme in response to a new Call for Additional Activities of the Everywhere International SMEs project (EIS) through to September 2022.
3. That authority is delegated to the Director of Economy, Transport, and Environment in consultation with the Head of Legal Services to enter into the necessary funding and other arrangements to implement the scheme.
4. That authority is delegated to the Director of Economy, Transport, and Environment to take any necessary additional action to implement the New Everywhere International SMEs (EIS) European Project, subject to a successful outcome of the County Council's bid to the Interreg Europe programme for further funding.

Executive Summary

5. This paper seeks to
 - set out the background to the funding programme and the project;
 - highlight the impact the project has had to date;
 - look at key issues (e.g. staff recruitment, training etc);

- consider the finance for the project and the impact on the budget; and
- briefly consider the future direction of the project (next steps).

Contextual information - The Interreg Europe Programme

6. The Interreg Europe programme 2014-20 (www.interregeurope.eu) funds local/ regional authority led projects from across the EU and participating programme countries for knowledge exchange and to share good practice with the objective of developing and delivering better policy. It has funded 258 projects across four priorities:
- research and innovation (65 projects funded);
 - SME competitiveness (66 projects funded);
 - environment and resource efficiency (67 projects funded); and
 - low carbon economy (60 projects funded).

Background to the EIS project 2017-20, purpose and benefits

7. In spring 2015, Hampshire County Council agreed to act as the Lead Partner for the project and a consortium was formed comprising nine partners from seven EU regions¹. A first bid failed on a technicality during the summer of 2015 but a re-submission to the second call entitled *Everywhere International SMEs* (EIS) was approved in October 2016 and a subsidy contract was issued.
8. The purpose of the EIS project was to support more SMEs to compete internationally by comparing, contrasting, and improving regional support mechanisms to help SMEs internationalise. Specifically, the impact of the project was reported by the Joint Secretariat during its presentation at the final conference as follows:
- a. The identification of 8 Good Practices incorporated into the programme's Policy Learning Platform;
 - b. Improvement of EIS regions' policy instruments, influencing c. €15million of regional funding, which equals a leverage of twelve times the original investment in funding the project; and
 - c. A guiding methodology tool for international business support in operation in many of the participating regions.
9. Hampshire has over 86,000 businesses of which over 98% are SMEs. The county exports goods and services to the value of £24billion with 46% of these destined to EU markets with continual scope for improvement in the face of global competition.
10. The EIS project linked strongly to the European Regional Development Fund (ERDF) Operational Programme of the participating region – all seven policy

¹ The other regional partners are from Central Denmark, Donegal (Ireland), Emilia Romagna (Italy), Pomerania (Poland), Alentejo (Portugal), Koprivnica (Croatia).

instruments targeted by EIS related to European Structural and Investment Funds (ESIF) but local/regional economic strategies can also be included.

11. By improving governance structures through interregional policy learning among the EIS partners, the project set out to have a direct impact on increasing the competitiveness of SMEs in the regions involved.
12. EIS delivered this overall objective by joining up regional support structures through the formation of stakeholder groups in each participating region. EIS highlighted the importance of regional Smart Specialisation Strategies in the drive for greater internationalisation of SMEs. The project also helped regional policies to better align support and funding for internationalising SMEs and the final approved progress report recorded that c. €15million of future funding had been influenced by the project among the EIS partner regions.

Lead Partner role

13. Hampshire County Council is the Lead Partner with ultimate accountability for the project via a subsidy contract with the Interreg Joint Secretariat. A partnership agreement was signed in early 2017 with each project partner binding them legally to their project inputs. For the Hampshire specific aspect of the project, the Lead Partner, Hampshire County Council, worked closely with WSX Enterprise as the delivery partner. Local stakeholders, including EM3 and Solent Local Enterprise Partnerships (LEPs), Hampshire Chamber of Commerce, the University of Southampton's SET Squared, and other stakeholders such as DIT, were also engaged.

Benefits of EIS to Hampshire

14. The project focused on developing best practice in business support for international trade for SMEs and concluded a number of best practice findings that were presented at the final conference in September 2020. Benefits to Hampshire (as presented at the EIS Final Conference) include:
 - strong rationale to focus on provision of support;
 - identified issues/opportunities and gaps;
 - all key support partners brought together – a first;
 - sharper focus on working together by support agencies;
 - sharper focus on quality of SME experience – not just targets;
 - consensus: 'no wrong door' for SME enquiries;
 - improved partner engagement – communication, coordination, collaboration – senior decision makers;
 - peer review established good practices contributing to the [GlobalEIS tool](#) ;
 - Global EIS Tool – independent review – secured all partner buy-in; and
 - single export working group – catalyst for better customer experience.
15. Influence and outcomes of the EIS project for Hampshire (as reported at the EIS Final Conference, September 2020):

- EIS has contributed to the export aspects of two Local Industrial Strategies;
 - lessons and recommendations of EIS have supported the business case and recruitment by EM3 LEP of a Regional Trade & Investment Director;
 - Solent LEP has proposed development of an export academy;
 - shift change in approach locally, and high value commitment and involvement from Department of International Trade;
 - Export working group Internationalisation Action Plan was formulated drawing on EIS project lessons and recommendations;
 - making best use of existing resources – sustainable; and
 - legacy – foundation to influence policy, funding and future activities.
16. EIS requires each partner region to work closely with local stakeholders to help steer and advise the project. In Hampshire, this has involved the Hampshire Business Engagement Forum and bi-lateral discussions with constituent members of the HBEF such as Hampshire Chamber of Commerce, the two LEPs and Growth Hub, SETsquared Southampton, Portsmouth and Southampton Universities etc. These working relationships can be further cultivated through participation in this extension project and provide valuable insight to the emerging post-Brexit agenda for Hampshire through the incorporation of the project's findings. The County Council exercises a coordinating and leadership role in the international aspect pertaining to economic development for Hampshire.
17. By leading this project, Hampshire County Council has arguably raised its profile in this international economic development subject area, both across Hampshire and in Europe.

The current Interreg Europe extension call for projects 2021-22

18. The Interreg Europe fifth call was launched at the beginning of April with a total budget of €20million and invitations for existing/completed Interreg Europe projects to bid for a maximum of €500,000 per project for a duration of 12 -15 months. Applications are reviewed by the Programme Monitoring Committee on a rolling basis and approvals will continue through to end of July or until all the funding has been exhausted, whichever is the earliest. The funding comes from the 2014-20 programme budget, which the UK has paid into and UK organisations are therefore eligible to draw down from. There are upward of 250 approved Interreg Europe projects that could bid to this extension funding pot.
19. The Everywhere International SMEs extension project will have a value of circa €376,000 of which almost 85% is funded by European Regional Development Fund (ERDF) grant income. ERDF is the funding mechanism for Interreg from the European Commission's regional policy Directorate-General. Match funding (15%) required to complement the ERDF funding is based on staff time across the various partner organisations. For Hampshire County Council, staff inputs are identified as the EIS Project Manager & Head of Hampshire Brussels Office, and the Transformation Finance Manager working with staff from Hampshire delivery partner WSX Enterprise.

20. Based on an indicative budget, the Council would benefit to the tune of €100,000 net over the project period (September 2021 – September 2022). The project itself is expected to deliver significant benefit to Hampshire by sharing expertise and best practice in relation to how Covid-19 has stimulated new working practices by Business Support Organisations. WSX Enterprise Ltd based in Fareham is a full project partner and the EIS project has to date also directly engaged the EM3 and Solent LEPs and Growth Hubs, Hampshire Chamber of Commerce, and SETsquared Southampton in its project workshop activities.
21. It should be noted that the application was submitted on 26 May 2021 following its development since mid-January entailing three whole partner meetings and several bi-lateral meetings. All partners obtained in-country official sign-off to participate in this extension and submitted the required documentation to form their contribution to the bid. The County Council was informed by the Joint Secretariat in mid-May that the pot was close to exhaustion and received advice to submit an application as soon as possible. A result is expected in mid to late June. There is no guarantee that it will be approved. However, if the application is successful, as the accountable body and lead partner the County Council would enter into the funding agreement by way of extending the arrangement through the Interreg Europe programme management system known as iOLF.
22. It is believed, as has been the case with the recently finished EIS project, that the risks associated with the extension are extremely low given that it involves the same regional partners and similar types of activities of the original four year project, and of course the benefits are that the project fosters pan-Hampshire cooperation with key strategic and delivery partners, informs the emerging post-Brexit regional trade and investment agenda, and the income derived contributes commercial revenue for the County Council.

Finance

23. The EIS project 2017-20 was awarded a budget of €1.4million of which Hampshire County Council's total allocation was €305,000 for staff time, travel and subsistence. Staff salaries were reimbursed through working on the project to the sum of €202,000, essentially the Brussels Office/ED, and the Finance Transformation Manager. The costs of operating the Hampshire County Council Brussels office have been supported through income from this project to date.
24. The extension project, if approved, will have a budget of €377,000 of which Hampshire County Council's allocation is €110,000, plus an additional approximately €72,000 for staff costs. The funding generated from this extension will enable a continuation of international activity to inform Hampshire's emerging post-Brexit international strategy with key partners pending the possible establishment of new structures such as a Hampshire Trade and Investment Agency. If the funding bid is unsuccessful this activity will be reviewed as part of the County Council's ongoing review of revenue budgets and activity.

Consultation and Equalities

25. The project is strategic in nature, relating to professional exchange of experience. For this reason, no consultation has been undertaken with residents, and the proposal has been assessed as having a neutral impact on people with protected characteristics.

Climate Change Impact Assessments

26. Hampshire County Council utilises two decision-making tools to assess the carbon emissions and resilience of its projects and decisions. These tools provide a clear, robust, and transparent way of assessing how projects, policies and initiatives contribute towards the County Council's climate change targets of being carbon neutral and resilient to the impacts of a 2°C temperature rise by 2050. This process ensures that climate change considerations are built into everything the Authority does.
27. In this instance, the carbon mitigation tool and climate change adaptation tools were not applicable as this project is strategic relating to professional exchange of experience with many of the inputs taking place online as opposed to specific interventions affecting the environment. Where international travel is required for the three planned workshops, one of which will be in Winchester, it is proposed that participating staff will offset their carbon impact by purchasing carbon offset tickets and using public transport wherever possible.

Next steps

28. If the project is awarded, it becomes 'live' from the time of notification of the decision and officially starts on 1 September 2021 for 12 months. The work can then begin on preparing for and organising the three workshops around which the extension work is focused, namely comparing and assessing (i) disruption to SME international supply chains as a result of Covid, (ii) digital processes developed by support agencies and SMEs in response to Covid, and (iii) resilience of the support eco-system to crises such as the health pandemic.

Conclusion

29. It is expected that the final report will provide valuable material and conclusions through the SME case studies and good practices identified by the project. These will be shared with the Hampshire business support eco-system and help steer the Regional Trade and Investment Strategy under development by EM3 LEP in Hampshire and other, yet to be determined, Hampshire international strategies and sub-strategies relating to SMEs and international trade.

REQUIRED CORPORATE AND LEGAL INFORMATION:

Links to the Strategic Plan

Hampshire maintains strong and sustainable economic growth and prosperity:	yes
People in Hampshire live safe, healthy and independent lives:	yes
People in Hampshire enjoy a rich and diverse environment:	yes
People in Hampshire enjoy being part of strong, inclusive communities:	yes

Other Significant Links

Links to previous Member decisions:	
<u>Title</u> Original EIS project approval: Leader Decision Day (ID = 2033, link since removed)	<u>Date</u> 20-01-2017
Direct links to specific legislation or Government Directives	
<u>Title</u>	<u>Date</u>

Section 100 D - Local Government Act 1972 - background documents	
<p>The following documents discuss facts or matters on which this report, or an important part of it, is based and have been relied upon to a material extent in the preparation of this report. (NB: the list excludes published works and any documents which disclose exempt or confidential information as defined in the Act.)</p>	
<u>Document</u>	<u>Location</u>
None	

EQUALITIES IMPACT ASSESSMENT:

1. Equality Duty

The County Council has a duty under Section 149 of the Equality Act 2010 ('the Act') to have due regard in the exercise of its functions to the need to:

- Eliminate discrimination, harassment and victimisation and any other conduct prohibited by or under the Act with regard to the protected characteristics as set out in section 4 of the Act (age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation);
- Advance equality of opportunity between persons who share a relevant protected characteristic within section 149(7) of the Act (age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex and sexual orientation) and those who do not share it;
- Foster good relations between persons who share a relevant protected characteristic within section 149(7) of the Act (see above) and persons who do not share it.

Due regard in this context involves having due regard in particular to:

- The need to remove or minimise disadvantages suffered by persons sharing a relevant characteristic connected to that characteristic;
- Take steps to meet the needs of persons sharing a relevant protected characteristic different from the needs of persons who do not share it;
- Encourage persons sharing a relevant protected characteristic to participate in public life or in any other activity which participation by such persons is disproportionately low.

2. Equalities Impact Assessment:

The proposal has been assessed as having a neutral impact on people with protected characteristics as it is strategic in nature, relating to professional exchange of experience.