

Briefing

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Matching health with growth

How European Structural and Investment Funds can support local health economies

Who should read this briefing?

- This briefing will be of interest to all NHS organisations, including national bodies and regional organisations, such as academic health science networks, local education and training boards and health and wellbeing boards, as well as to colleagues working in public health.

What this briefing is for

- This briefing outlines the background to the new round of European Structural and Investment Funds (ESIF), including what the funds support, the main opportunities for the NHS in England and how to access the funding.

Key points

- European Structural and Investment Funds (ESIF) support a wide range of economic and social development projects – particularly around research, development and innovation; skills and employment; and social inclusion.
- The new EU funding round is about to be launched and offers significant opportunities for NHS organisations, including regional bodies such as academic health science networks, local education and training boards and health and wellbeing boards.
- The 39 local enterprise partnerships in England have led the design of local investment strategies to utilise this EU funding. In doing so, they have worked in partnership with a range of local stakeholders.
- We strongly encourage local NHS bodies to build and maintain relationships with their local enterprise partnerships and to seek to influence ESIF spending priorities in areas of mutual interest.
- The two parts of ESIF most relevant to the NHS are the European Regional Development Fund (ERDF) and the European Social Fund (ESF), collectively worth around €6bn across the seven-year programme.

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Background

Over the next seven years, England will receive around €6 billion to be spent through the European Regional Development Fund (ERDF) and the European Social Fund (ESF), collectively known as the European Structural and Investment Funds (ESIF).

ESIF offer opportunities for NHS organisations to co-fund projects that generate local growth and employment. NHS organisations have benefited from EU structural funding in the past, albeit sporadically. The specific focus of the new ESIF round on themes such as research, development and innovation; skills and employment; and social cohesion, reflects well the NHS' widening role at the heart of its local community's economy and makes this funding more relevant to the service. ESIF is therefore a means of helping drive local change – ensuring a healthy, resilient and productive population, supporting the NHS workforce with the relevant skills for the job and stimulating new markets for healthcare technologies and other innovations.

The previous round of European Structural Funds (2007–13) is estimated to have so far helped create more than 50,000 jobs in the UK, assisted the start-up of more than 20,000 businesses and supported more than 1,300 research and technical development projects. The funds are used to support a wide variety of projects such as building skills for the unemployed, developing innovative centres, such as Newcastle University's Business Innovation

Facility at the Campus for Ageing and Vitality, and developing new healthcare technologies.

The UK Government has changed the way the new round of funding is being managed in England, giving regions an increased strategic role in determining local priorities, particularly through the 39 local enterprise partnerships (LEPs). LEPs have been leading on drawing up local strategies to utilise the funding in their geographic area, in conjunction with other public and private organisations. It is important for NHS organisations to develop local relationships with them to be able to access this funding.

What is a local enterprise partnership?

Local enterprise partnerships (LEPs) are business-led bodies (with a business chair and a majority of business board members), authorised by government to provide local strategic economic leadership of growth. They play a central role in determining local economic priorities and activities to drive growth and the creation of local jobs. There are 39 LEPs across England, varying in size, structure and governance arrangements. LEPs are involved in all policy areas relating to growth, for example, infrastructure, skills and business support.

Find your local LEP at www.lepnetwork.net/leps

Case study: Using ESIF to broaden access to healthcare jobs

University Hospitals Birmingham NHS Foundation Trust has utilised ERDF and ESF extensively in the past decade. In particular, over £6 million of ESIF funding has gone into the design and development of their learning hub. The hub is a purpose-built training centre to broaden access to entry-level healthcare jobs for unemployed people, especially those living in the most disadvantaged parts of the city. University Hospitals Birmingham manages the hub on behalf of the whole local health and care sector, with key posts seconded from a number of partner organisations, such as Jobcentre Plus, Birmingham City Council and Balfour Beatty.

The hub operates about a dozen separate training programmes, some of which target specific groups such as young people not in education, employment or training; those over the age of 50; the homeless young; refugees; and those with physical or learning difficulties. Training includes inductions and placements in a ward, technical or administrative area, or a specific focus on jobs that are about to be advertised, such as auxiliary nurses and healthcare assistants. More than 1,800 unemployed people have been helped into work to date, making it one of the largest employer-led training programmes in the city.

For more information, contact David Taylor, Head of Regeneration, University Hospitals Birmingham NHS Foundation Trust, David.Taylor@uhb.nhs.uk

What European Structural and Investment Funds can support

A broad range of initiatives across the areas of research, development and innovation; skills and employment; and social inclusion can be supported

by these EU funds. The most relevant for the NHS are listed in the table below.

Research, development and innovation	Skills and employment	Social inclusion
Supporting SMEs to commercialise R&D, for example, bringing new products to the market, especially those linked to key enabling and health science technologies. This can include stimulating the demand for new services and products, and public procurement programmes designed to drive innovation.	Innovative approaches to training for the unemployed, including marginalised groups, to help bring them to and support them in learning.	Tackling barriers to work in a holistic way, including issues such as health (and mental health) problems.
Facilitating networks of SMEs seeking to commercialise R&D to bring new products and services to the market, particularly where these networks encourage the use of open innovation.	Creating infrastructure to embed programmes for young people who are not in employment, education or training, such as traineeships.	Targeting specific communities or ethnic minorities.
Building collaborative research between industry, research institutions and healthcare organisations. This can include graduate start-up schemes and support for higher education institution 'spin-outs' delivering innovation.	Supporting low-skilled people in low-paid work to help them progress, and for apprenticeships in related projects.	Helping to grow the social investment market to support social enterprises and the social economy.
Creating physical infrastructure for innovation, including 'incubation space' for new businesses active in innovation.	Supporting intermediate and high-level vocational provision for the unemployed and for career progression.	Developing the capacity of social entrepreneurs to address the needs of their local communities.
Supporting 'innovation actors' including SMEs, social economy, research centres or universities to promote social innovation and innovation in health.	Innovative approaches to pre-employment training.	Developing the capacity of community groups to participate in the delivery of services to those furthest from the labour market.
Building higher level workforce skills to support research, development and innovation.	Supporting up-skilling and retraining for industries identified in investment strategies, including training costs.	Supporting early interventions for young people, especially those facing multiple barriers to their participation, including care leavers.

Source: HM Government (2013) *Preliminary guidance to local enterprise partnerships on development of Structural and Investment Fund strategies, technical annex.*

Opportunities for the NHS

European Structural and Investment Funds offer opportunities to the NHS – including regional bodies such as academic health science networks (AHSNs), local education and training boards (LETBs) and health and wellbeing boards (HWBs) – in a number of areas. It is important to note that these opportunities will vary across the country, with geographic areas receiving varying allocations of the European funding, and with different LEPs having identified different priorities for their own area's ESIF investments.

Research, development and innovation

Importantly for AHSNs and other highly innovative parts of the NHS, such as specialist acute providers, this funding places a significant focus on the commercialisation of research and innovation.

Further to this, many LEPs have, in their local ESIF funding strategies, specifically outlined planned activities to drive commercialisation in the health sector. This is, in large part, the result of successful NHS European Office lobbying, which ensured that England's national innovation investment strategy, known as the Smart Specialisation Strategy, recognised health as one of the limited number of key sectors for future investment. Indeed, the strategy cites the 2011 report, *Innovation health and wealth: accelerating adoption and diffusion in the NHS*, as an important policy driver for LEPs.

The funds also focus on supporting social innovation projects. Social innovation is the process of finding and implementing new ways of tackling major societal problems, often drawing on the determination and knowledge of local communities and social entrepreneurs.

The funds would suit local health communities that have strong links with academia and/or industry and are planning to become test-bed sites, as proposed in the Five Year Forward View. More generally, they would complement plans to engage SMEs in the design of new healthcare solutions and the development of 'living labs' or other open-innovation ecosystems for the co-production of new social products, systems and services.

Skills and employment

Another key priority area of ESIF is tackling gaps in general skill sets and employability. We encourage NHS organisations, as large local employers, to discuss with LEPs how they can play a key role in driving initiatives that contribute to these important areas. Indeed, the vast majority of ESIF spending strategies drawn up by LEPs have identified the NHS as one of their key local employers.

Health Education England's strategy, *Talent for care*, is an obvious and positive starting point for joint ESIF planning between the NHS and LEPs.

“Bringing new products to the market is an important national agenda that unites universities, businesses and the health service. Many universities are keen to invest the new EU structural funds in new programmes of tech transfer, innovation centres and incubators which will be targeted at health technologies.”

Kevin Richardson, Local Growth Expert Adviser, Higher Education Funding Council for England (HEFCE)

The strategy highlights the importance of recruiting and developing a support workforce equipped to deliver high-quality patient care. Good practice already exists across the NHS in the delivery of apprenticeships, work experience initiatives and a range of pre-employment models designed to recruit from within the local community. Partnering with organisations such as Jobcentre Plus has lent support to the widening participation agenda and enabled trusts to better recruit on the basis of values to entry-level roles. *Talent for care* provides a framework to help build on this good practice, and the different facets of the strategy will likely be of high interest to LEPs. Given that ESF aims to improve employment opportunities, help people to improve their skills and job prospects, and ensure productivity of the workforce by addressing skills gaps, engagement with LEPs presents a substantial opportunity to access additional funding that can be used to further invest in recruiting and developing the support workforce.

Social inclusion

Recent publications, including The King's Fund report on the wider role of the NHS in tackling poverty,¹ and the guide to community-centred approaches to health and wellbeing issued by Public Health England and NHS England,² highlight the need for the NHS to engage more in activities around health and wellbeing that promote social inclusion

within communities, in particular through the reduction of poverty and health inequalities. ESIF fits with this agenda very well.

LEPs have been vocal in their ESIF investment plans about using this funding to tackle barriers to work through outreach activities at targeted societal groups, with many specifically referencing interventions that focus on improving citizens' mental health.

Clinical commissioning groups, health and wellbeing boards and mental health and community providers are particularly well placed to engage with LEPs in this area, in collaboration with colleagues in local government and the voluntary, community and social enterprise sectors. Similarly, this funding should be of interest to colleagues working in public health.

The ESIF guidance is also specific about using this funding to support the growth of the social investment market, to support social enterprises and the social economy. This is an area that should appeal to parts of the NHS in England.

1. www.kingsfund.org.uk/publications/articles/tackling-poverty

2. www.gov.uk/government/publications/health-and-wellbeing-a-guide-to-community-centred-approaches

“*Talent for care* underpins the critical role that the support workforce plays in the ability of the NHS to deliver first-class healthcare. Working with LEPs provides an opportunity to invest in the skills of our support workforce and look at how widening participation initiatives can be used to improve both employment prospects and health outcomes at a local level.”

Danny Mortimer, Chief Executive, the NHS Employers organisation

Building a local investment plan

The Government has changed the way the new ESIF funding is administered, asking LEPs, and their partners, to propose an investment strategy for their area and to identify programmes and projects to deliver that strategy. This new way of working has taken some time to develop, meaning funding for the 2014–2020 round will not commence until mid-2015 and will run beyond the 2020 date.

Each LEP area has received a notional allocation from the funds for the seven-year period to be spent in line with the overarching priorities set out in EU regulations. In broad terms, ESIF allocations are higher in more deprived areas. LEPs will not be responsible for the financial administration of the funds themselves – this role will remain with central government – but they have developed strategies on how the funds should be spent in their geographic areas. As a full intermediate body, the Greater London Authority will be able to manage its own decision-making, while the eight Core Cities will receive limited delegated authority.

The NHS European Office has spoken with NHS organisations and the LEP community across England and encouraged local relationships to be established along particular themes. Progress has been positive, with many regional health bodies, such as AHSNs and LETBs, having held discussions with their respective LEPs to explore areas of mutual

interest. Importantly, a number of local ESIF plans have identified the health sector as one that is vital to their regional development.

This is largely the result of the NHS European Office having worked closely with the Department for Business, Skills and Innovation and other government departments to ensure that the national ESIF guidance to be used by LEPs for the preparation of their local spending strategies specifically mentioned the health sector.

An important vehicle in delivering the plans will be local ESIF committees, which are a regulatory requirement to ensure the strong involvement of relevant partners in advising government on local needs. We advise NHS organisations to review the composition of, and engage with, their respective local ESIF committees, the details of which will be publicly available. NHS colleagues should also note that LEP areas are able, if they wish, to collaborate across borders on their strategies to deliver a bigger impact, exploit synergies between LEP areas and achieve economies of scale.

Given that the ESIF funding will span a multi-year period, local spending plans are expected to further develop, and potentially change, in the future, meaning there could be new opportunities for NHS engagement at a later stage.

Case study: Building a local investment plan – health and ESIF in Liverpool City Region

European Structural and Investment Funds have had a significant impact on the Liverpool City Region over the last 20 years. Recent ERDF support has helped the development of the Liverpool Bio-Innovation Hub and the Alder Hey Research and Education Centre, while local partners have been working to ensure the next ESIF programme continues to benefit health, wellbeing and life sciences.

Supporting the development of a healthy City Region is a key priority to drive a competitive local economy – a healthy workforce, support for returners to work and the creation of dynamic communities all align with the evolution of Liverpool City Region as a successful, thriving economy. Health partners are key partners to drive that transformation. Focus for the period 2014–2020 will be on the key areas of support for precision medicine; and the further development and roll-out of the assisted living programme, Mi Liverpool. To build on the excellent joint working between partners, the Liverpool City Region LEP and North West Coast Academic Health Science Network are recruiting to a joint post to ensure effective alignment, support collaborative working and a unified dialogue between the NHS and the private sector.

For more information, contact Dr Liz Mear, Chief Executive, The North West Coast Academic Health Science Network, Liz.Mear@nwcahsn.nhs.uk or Alan Welby, Executive Director, Liverpool City Region LEP, Alan.Welby@liverpoollep.org

Comparing ERDF and ESF

European Regional Development Fund at a glance	European Social Fund at a glance
<p>The European Regional Development Fund (ERDF) focuses on regional development, economic change and enhanced competitiveness.</p> <p>The ERDF's priorities are to:</p> <ul style="list-style-type: none"> • support innovation and the knowledge-based economy • stimulate enterprise and support successful businesses • ensure sustainable development, production and consumption • build sustainable communities. 	<p>The European Social Fund (ESF) focuses on training, access to employment and social inclusion.</p> <p>The ESF was set up to:</p> <ul style="list-style-type: none"> • improve employment opportunities and help raise standards of living • help people to get better skills and job prospects, particularly for those not in education, employment or training • help equip the workforce with the skills needed by business in a competitive global economy • combat social exclusion.

Both ERDF and ESF have a separate national programme document setting out the main priorities and activities the fund will support. These documents, which have to be agreed with the European Commission, are known as the Operational Programmes.

The main difference between the two programmes is that the majority (c70%) of ESF will be co-financed by a range of national 'opt-in' organisations. These include the Department for Work and Pensions, the Skills Funding Agency and Big Lottery Fund. The National Offender Management Service will also continue to operate a national programme supporting the reintegration of prisoners back into the workforce.

The opt-in model allows LEPs and their partners, if they choose, to join with these organisations to implement policy priorities. By opting-in to a service offer from a national organisation or programme, a LEP commits part of its ESIF allocation to the programme. In return, the LEP accesses the relevant match-funding.

Even though a LEP has committed to using a proportion of its match-funding from an opt-in organisation, there is still scope for NHS organisations to influence the local use of this

money. This is because opt-in organisations will procure activities in line with priorities identified by local partners. Not all LEPs have though committed to using opt-in organisations, meaning there is still direct funding available for ESF projects where the NHS could provide the match.

For the parts of ESF which are delivered through opt-in organisations, applications will go through the organisations themselves and they will be responsible for procuring ESF activity. ERDF is expected to follow an open, competitive bidding process.

“These funds are an important means of driving collaborations between the NHS and the charity and voluntary sectors for the benefit of the communities we serve.”

Sandra Turner, EU and International Manager, National Council for Voluntary Organisations (NCVO)

Working to secure sustained investment in the NHS

The NHS European Office has pushed hard over the past 18 months to position the health sector as a key investment area for ESIF funding. This has included directly influencing a number of national strategic and guidance documents on the use of ESIF funds.

We have also played a key role in:

- relationship building, by briefing AHSNs, LETBs, CCGs and NHS organisations on the work of LEPs and brokering local partnerships where possible
- advising emerging local health and care collaborations on ESIF opportunities
- securing senior NHS attendance at national LEP events.

We will continue to work nationally as the health sector lead on ESIF, ensuring the NHS remains at the heart of this agenda, as well as supporting local developments.

The ability of individual NHS bodies to access this funding will depend on establishing and maintaining direct contact with their respective LEP(s), and the extent to which they can positively influence local investment priorities. The majority of this funding will be distributed through regular calls for projects – hence, for NHS organisations to maximise the opportunities for them, they should seek to both influence the focus of these calls and participate in the bidding processes that follow.

Further information

To keep up to date with developments and explore this area in more detail, please visit www.nhsconfed.org/esif

If you would like more information on the issues covered in this briefing, please contact Michael.Wood@nhsconfed.org

The NHS European Office

The impact of the EU agenda on the NHS is constantly increasing, bringing with it both challenges and opportunities. The NHS European Office is the conduit for the NHS to engage with the EU agenda. Hosted by the NHS Confederation, we are the representative body for the range of NHS organisations in England on EU affairs. Our work includes:

- monitoring and influencing EU policy and legislation in the interest of the NHS
- facilitating access to EU funds for NHS bodies and their partner organisations
- supporting pan-European collaborations and sharing successful EU practices.

For more information on EU affairs of importance to the NHS and to get in touch with the NHS European Office, visit www.nhsconfed.org/europe or email european.office@nhsconfed.org

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