

Enterprise M3 Board Meeting

27 July 2017

EU Programme Update - Item 16

Members are asked to NOTE the progress on the EU programme.

1. General Update

- 1.1. Our focus has been on doing all we can to ensure our allocation is contracted before the UK leaves the EU in March 2019. To date, 85% of our ERDF allocation is published, 12% contracted and the first ERDF projects have started spending. 36% of our ESF allocation has been committed to procurement with 31% contracted. 75% of our EAFRD allocation has been published with over 14% contracted. In addition, we have several projects either in the pipeline and going through assessment.
- 1.2. Our current ERDF Project Officer has been successful in securing another position within Enterprise M3. We have been trying to recruit a replacement for her but interest is low given post is fixed term and Brexit.
- 1.3. Our ERDF TA project has been through a detailed 3-day audit into our £178,873 contract. We have had good feedback on our claims management and have a handful of actions to follow up on.
- 1.4. The Government are now turning their thoughts to the shape and design of the Shared Prosperity Fund which is already creating debate on where the focus of these funds will fall. The LEP Network are commissioning views from LEPs on how the fund should be distributed and its future focus. There is considerable concern from LEPs on the future of replacement funding for Growth Hubs and LEP activity - both of which are funded through ERDF/ESF in other LEPs. The official consultation led by DCLG on the replacement fund is starting and we are feeding into the process. We have agenda item planned to discuss this at the next ESIF Committee on the 21st September 2017.

The summary of issues raised to date are:

- The original intention with ESIF was to have 3 funding complement from each other, in practical terms this has not happen. This was exacerbated by the use of priority axes with very little flexibility within it. LEPs are suggesting that a better approach would be to have a single pot fund to enable appropriate localised delivery
- The ESIF process was overly complex and bureaucratic and local decision making only limited at the early start of producing the ESIF strategy, promoting the calls (in case of success with Technical Assistance like at Enterprise M3) and with the strategic fit assessment. Timely appraisal processes for funding awards is essential. In case of ESF, the principle behind the Opt Ins was welcome while in practice the approach has proven more difficult that originally envisaged. LEPs want a simplified process more along the line of LGF. More local discretion over the disbursement of funds needed.
- ESIF was precious in providing revenue funding stream while the minimum threshold of £500k under ERDF was limiting as smaller projects could not get funded. This has led to more projects being lead by intermediary/public organisations rather than from the private/industry sector which did not have the match (and cash flow).
- Issue around the measurements for regional disparities and how best rebalancing growth with the dilemma on investing funds in areas of deprivation rather that areas of growth? ESIF currently do not use GVA but GDP. A possible better indicator might be the data used in the Inclusive Growth Commission report
- LEPS want to retain the option to use both grants and to set up Financial Instruments moving forward.
- With the uncertainties of the Brexit negotiations, we need a fund that is flexible to take us over the next few years to support productivity and competitiveness internationally. Importance of digital and physical connectivity to increase productivity.

2. European Social Fund (ESF)

- 2.1. We have four ESF contracts that have been signed, two of these under the Skills Funding Agency (SFA) opt-in and two under the Big Lottery Fund (BLF) opt-in.
- 2.2. Romsey Community School Ltd won £243K ESF (total value £485k) through Big Lottery opt-in for a social inclusion project. The Alliance Programme will work across the Enterprise M3 area, with 7 delivery partners

involving Aster Group Ltd, Communities First Wessex, The Swaythling Housing Society Ltd, Professional Training Solutions Ltd, Surrey Care Trust, Surrey Lifelong Learning Partnership, Vivid Homes Ltd to provide one to one support and ensure that 150 people have access to critical interventions to be able to move closer to the work place and find employment. This project will help people in most need to overcome challenges and improve their long-term job prospects.

2.3. Two further ESF direct calls recently closed on 7th July 2017. The first is Digital Skills for Employed specification, worth £800k ESF grant. This builds on the successful Digital Skills for the High Street (DSHS) funded by BIS in 2014/15. The scope of the intervention was broadened and this specification was issued jointly with Coast to Capital, therefore covering both Hampshire and Surrey. We know that we have received 1 outline application. The second specification covers Digital Skills for the Unemployed worth £800k ESF grant and links to the previous call. We have received 1 outline bid for this specification. A successful partnering event was held on 2 June to support project applicants.

2.4. The details of the next ESF direct call specifications is expected to cover:

- Construction Skills for the unemployed worth £1m to open in summer 2017
- Development of Higher Level Skills Capacity (apprenticeship) worth £450k to open in summer 2017
- Retraining for a Fuller Working Life worth £1m to open in summer 2017
- STEM skills worth £500k to open in summer 2017

We received confirmation from the MA the calls should be published in the Autumn staged from September.

3. **European Regional Development Fund (ERDF)**

3.1. We have several applications currently going through assessment with the Managing Authority. This includes both Outline and Full Applications with a total value of just under £10.5million, 54% of the total allocation

3.2. Our Business Scale Up Support Programme specification was published on the 30th June. With an ERDF value of £1,000,000 this specification is seeking a proposal, or proposals, to develop and deliver a business support scheme aimed at supporting SMEs to scale up. To support this specification we are running an Information Event on the 18th July at Basingstoke and Deane Borough Council offices. Wider EU funding opportunities will also be presented at this event.

3.3. We have drafted two further specifications for a 'Digital Enabling Technologies Knowledge to Market Accelerator' worth £500k ERDF and a 'Quantum Supply Chain Initiative' worth £500K that focus on supporting innovation, helping entrepreneurs commercialise research and development both taking forward the work being undertaken as part of the Science and Innovation audit. These two specifications will be presented to the ESIF Committee for approval on 5th July. The planned publication date is the 22 September 2017 closing on 10th November 2017. It will help to take forward some of the recommendations of the Science and Innovation Audit. We are intending to discuss these opportunities for cooperation with our neighbouring LEPs over the summer.

4. **European Agricultural Fund for Rural Development (EAFRD)**

4.1. In addition to the four projects that were contracted under the First Round of EAFRD funding, we now have the next round of Calls open as follows:

- Tourism infrastructure - £826,000
- Food and Drink Processing - £826,000
- Rural Business Development Grant - £174,000

We have 3 outline projects currently going through appraisal process. 'Barrow Hill Holiday Lets' requesting a grant of £169,400 EAFRD, 'Burningfold Manor- Muddle' requesting a grant of £90k EAFRD and Wellington Farm Shop Extension requesting £195,000 EAFRD

5. **Funding**

5.1. Funding was set aside to underwrite our EU expenditure as part of our technical assistance programme for ERDF and ESF. We have now submitted our first claims for ERDF and ESF TA for the period Apr-Dec 2016 totalling £70,932. Our ERDF claims have been processed and we are awaiting payment imminently.

6. **ESIF Committee**

6.1. The next ESIF Committee has been scheduled on 21st September.

Kathy Vuillaume/Jennie Pell
19th July 2017