

Enterprise M3 Board Meeting

24 May 2018

EU Programme Update - Item 18

Members are asked:

- **To NOTE** the progress on the EU programme.
- **To NOTE** that £125,599 for ERDF Technical Assistance (TA) from EM3 operational funds to allow the continuation of work to support the promotion and take up of ERDF funds will be requested for consideration by the Resources, Finance and Audit Committee.

1. General Update

- 1.1. The ESIF Committee agreed to Kathy Slack's appointment as chair of the ESIF Committee at their meeting on 25th April 2018. Attendance from members at meetings has been dropping off and was very low at this meeting and we will be encouraging members to attend future meetings.
- 1.2. An important factor nationally is whether we hit the national N+3 target. In essence this target needs to be hit in order to release remaining EU funds. The feedback from MAs on the national position is positive about hitting these targets. However, we could be in a different position at a local level as there is a risk that we will not reach our N+3 spent target on both ERDF/ESF projects by the 31st December 2018 as a result of the slow contracting process of the Managing Authority and underperformance by some of our contracted projects. This is unlikely to impact the national performance but government could look to claw back funds. We believe this is unlikely but we are putting in place actions to ramp up delivery.
- 1.3. To date:
 - 85% of our ERDF allocation is published, 25.7% contracted, 39.8% in the pipeline, 3.6% ERDF spent.
 - 38% of our ESF allocation is published, 32% contracted, 5% in the pipeline, 6% ESF spent.
 - 100% of EAFRD allocation is published with the remaining of our EAFRD allocation amount to be committed by 31/05/18, 14% projects contracted, 42% in the pipeline, 6% EAFRD spent

2. European Social Fund (ESF)

- 2.1. We have eight new specifications in development to use the remaining £6.9m ESF. Following advice from the Managing Authority, we will prioritise Not in Employment, Education or Training (NEET) prevention and the provision of Local Management Information specifications.
- 2.2. We have 1 project currently in assessment against the 'Digital Skills for Employed' worth £800k issued jointly together with Coast 2 Capital LEP. We are reissuing the

call for 'Digital Skills for the unemployed' worth £400k ESF as the applicant pulled out at stage 2 due to some match-funding issues.

3. European Regional Development Fund (ERDF)

- 3.1 We are well advanced in publicising our calls and receiving applications. Following our ERDF Specification Launch event in Basingstoke on 15th March we have received three competitive outline applications for our '**Low Carbon**' specification, one outline application for our '**Department for International Trade National Export**' specification and two competitive outline applications for our '**Manufacturing Growth Service**'.
- 3.2 We have not received any application against the **Knowledge to Market Accelerator**, this is disappointing as it is a key action arising from the Innovation South activity and is the second time that this has been issued. We are reviewing the reasons for a lack of bids.

4. European Agricultural Fund for Rural Development (EAFRD)

- 4.1. Following the success of the two Rural Funding events we hosted in February and March, we have tripled our percentage of Eols received and now have 10 new applications going through to assessment. We are benefiting from the fact that the LEADER funds are almost fully committed in our area therefore applicants are now considering EAFRD as an alternative.
- 4.2. We are focusing on following up the warm leads from these two events to ensure we have maximised opportunities for EAFRD funding before the 31/05/2018 deadline. Bids comprise tourism projects and food and wine manufacture outlets.

5. Funding

- 5.1. We are in the process of developing a plan for the Summative Assessment for the ERDF TA project in line with project guidelines. This work will help us in pulling together our full application for TA (see below) if successful.
- 5.2. We submitted an outline application for the extension of the current ERDF TA contract on 20th April involving the same partnership. This proposal will allow us to continue to work with partners in promoting and developing proposals which has proved so valuable over the last 2 years. This is going to be particularly important during the last years of the programme which will be after the Brexit date in March 2019. The aim is to secure full take up of EU funds.
- 5.3. The total cost of the project will be £270,346 and EM3 and partners will need to fund 50% of this figure. The total cost to EM3 will be £125,599 with £63,831 required in 19/20 and £61,768 in 20/21. RFAC will be asked to recommend to Board to agree to allocate these funds from our future operational funds as of now. Currently the Board have only approved operational expenditure for 2018/19. This agreement will allow us to proceed to full application if successful.
- 5.4. We are intending to apply for an extension to the ESF TA project via the mechanism of project change request for an initial period of 18 months without additional budget.

Kathy Vuillaume/Susan George
26th April 2018