

Enterprise M3 Board Meeting

26 July 2016

Europe – Item 7

Board members are asked to:

NOTE the progress on the EU programme and the impact post BREXIT.

1. EU referendum

- 1.1. GB voted for GB to leave the EU on 23rd June 2016. On the 24th June Government issued a strong statement that it was “business as usual”. No specific statement has been issued yet regarding the ESIF programme.
- 1.2. Our ESIF programme is committed for a period of 7 years from 2014-2020 and we are expecting to be allowed to spend our entire budget regardless of the leave vote. However, we may find we have to spend the entire allocation within two years of article 50 being triggered. A further complication is that currently all contracts issued by the MAs are for 3 years. Whatever the case we are keen to spend the whole of our notional allocation quickly.
- 1.3. The ESIF programme is agreed in euros between Central Government and the Commission, so the more the British pound plummets the more EU funds we shall have to spend.
- 1.4. We are advocating that LEPs lobby for simplified processes on ESIF funding and contribute to the new vision/plan for England. We would like to shape our projects to support businesses during a possible slowdown. We are pushing government to press ahead with contracting EU projects in the pipeline. We have sent a letter to our head of Growth Delivery Team (GDT) on behalf of both Enterprise M3 and Coast 2 Capital on 1 July 2016.
- 1.5. The situation is made more complex by the differing views of each of the managing Authorities as illustrated in the updates below.
- 1.6. The situation on other EU funds such as Horizon 2020, INTERREG etc is more difficult as these often need EU partners and will rely on the willingness of other EU countries to take the risk to accept British universities/businesses in forming consortiums during this phase of uncertainties pending the result of the EU negotiations.

2. Update on European Regional Development Fund (ERDF)

- 2.1. Our next round of ERDF calls is theoretically planned for 18 July but we have yet to hear whether this is proceeding or not. We will promote the scheme as planned but believe it will be difficult to engage support for bidders.
- 2.2. We have now issued four calls plus a national call for ERDF. The current value of ERDF applications in the pipeline is 43% of our notional allocation, however we still don't have any ERDF projects contracted due to delays by the MAs and now compounded by the “pause” in issuing contracts as a result of the referendum. ESIF committee members were very dissatisfied and alarmed to hear that delays now mean that we are unlikely to meet the spend target by 2018 (which means we could lose funds). We are taking this up with the Greater Thames Valley LEP Group, the LEP network and with Ministers.

2.3. The following ERDF projects are in the pipeline

- **Digital Business Acceleration Hub**, by University of Surrey. Priority 1. £1.2 m. Awaiting for grant funding agreement.
- **Innovate to Succeed** by Oxford Innovation Services limited. Priority 1. £500k. The ESIF committee gave positive strategy advice on 15th June. This should now move quickly to contracting phase.
- **South East International Business Growth** by GLE in response to the UKTI national call for additional support for exporting. Priority 3, worth £600k for Enterprise M3 area. Awaiting for QA from the MA.
- **Woodfuel supply chain and market** by Surrey County Council, priority 4, worth £547,749 has been invited to submit a full application by 25 August.
- **EM3 Innovation Support Programme** by University of Southampton, priority 1, worth £2.7m has been invited to submit a full application by 8 July.

2.4. Two applications were received in response of our recent Low Carbon call which closed on 10th June.

2.5. The two applications in the ERDF pipeline called 'Digital Growth' and the Funding Hub' have been stopped at full application stage. This is due to issues concerning the applicant.

2.6. The Team is currently working on a number of specifications on Access to Finance, 5G and the digital sector in order to bring forward spending as much as possible.

2.7. ERDF Technical Assistance (TA): We are still waiting to receive our grant funding agreement. Enterprise M3 and its delivery partners have responded to all queries.

3. Update on European Social Fund

3.1. 39% of our notional allocation has been procured through Opt in organisations.

3.2. SFA Opt-in – There are 5 open calls through The Skills Funding Agency (SFA) which cover:

- Employer centered employability & basic skills worth £0.75
- Employer led vocational pathways for the unemployed worth £1m
- Employer led vocational pathways towards higher skills worth £0.75m
- Employer led vocational pathways for redundancy worth £0.5m
- Information advice and guidance worth £0.5m

The expecting starting date of the SFA projects implementation is September 16 with an 18-month delivery period.

3.3. Big Lottery Opt-in (BLF): The two projects being procured through the Big Lottery Fund, social enterprise and social inclusion, are progressing as follows:

- Social Enterprise – the stage 2 application has been assessed and the successful applicant will be announced on 19 July 2016.
- Social Inclusion – Four applications were received for stage 1. These outline applications were assessed by Enterprise M3 with recommendations sent to the ESIF Committee

members, having completed Conflict of Interest forms. We are awaiting a decision from the Big Lottery on which projects will be taken forward.

- 3.4. Future direct call: the ESIF committee agreed to support the development of a direct call to support Digital Skills in the Summer 2016 (date subject to change post referendum) of a value of £500k ESF. The project scope builds on the very successful Digital Skills for the High Street (DSHS) funded by BIS 2014/15. The DSHS was delivered in key towns across Enterprise M3 to retail SMEs. It is proposed that a direct call is developed to extend the programme to beyond retail businesses and allows the previous participant to deliver further training. We are discussing opportunities for cross LEP working with both Coast to Capital and Thames Valley Berkshire who have both expressed an interest in this type of project.
- 3.5. ESF Technical Assistance (TA): Our ESF TA worth £148,665 was approved prior to the referendum.

4. Update on European Agriculture Fund for Rural development (EAFRD)

- 4.1. The first three EAFRD specifications for Enterprise M3 closed on 08/01/16. 11 applications were received against the 3 project calls The ESIF committee gave advice on the strategic fit on 29 March and the following 7 projects were invited by DEFRA to proceed to full application. Two projects have withdrawn following the referendum.
- 4.2. If all of these applications are finally approved, it will represent 18% of our EAFRD allocation. We are expecting to hear the outcome of the assessments of the full applications by the end of September. The full assessments will be taken to the next ESIF committee for strategic fit.
- 4.3. Future calls: It is anticipated that the next EAFRD call will be open in September 2016 (unless we hear otherwise post EU referendum). It is intended to issue similar specifications as in the first call.

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