

Enterprise M3 Board Meeting

29th September 2016

Post Brexit Update – EU Programme Update - Item 9

PMG members are asked to NOTE the progress on the EU programme.

We have now had a formal statement from the Treasury on the future of ESIF funding which provides some reassurances that all ESIF projects with Grant Funding Agreement (GFA) in place prior to the Autumn Statement (expected at the end of November) will be fully funded, even if the delivery period of these projects continue beyond the UK's departure from the EU. However the exact meaning of what is meant by "in place" is still under debate.

In addition to the statement on projects with GFAs in place the Treasury are also putting in place arrangements for assessing whether to guarantee funding for specific ESIF projects that might be signed after the Autumn Statement but whilst the UK remains a member of the EU. It is expected that each LEP will have to prioritise future calls and our expectation is that Managing Authorities will limit calls to proposals with national or regional significance or links to local growth fund proposals.

We have provided an update in annex 1 on the **position of all calls that have been made** and the status of successful projects. Managing Authorities are taking different stances on future calls.

- **ESF:** We have been invited to progress our ESF Digital Specifications that was agreed in a draft form at our June ESIF committee and this call will be announced before the Autumn Statement.
- We are also allowed to continue to develop our pipeline of calls and the ESF MA has stated that it is 'business as usual' with the preparation of calls, appraisal of applications and payment of claims. They will not be accelerating activity nor bringing forward or increasing spending commitments artificially.
- The ESF MA will also ask the LEPs/ESIF committees to confirm priorities for future calls, post Autumn Statement.
- **ERDF:** There is a pause on issuing any new ERDF calls and while we do have 3 ERDF specifications ready and agreed by our ESIF Committee, we have not been authorised yet to go out with these. A national exercise will take place this month to collect a project priority list from all the LEPs to be submitted by 7th October. Then on this basis, Treasury will make a decision on if/when/how new ERDF calls are allowed to progress. It is likely that a limited number of specific theme calls will be made probably through the mechanism of national calls (rather than LEP specific).
- **EAFRD:** The Managing Authority has confirmed that they are planning to carry on as per plan with issuing the 3 expected Autumn calls on tourism, food processing and business grant. The 3 calls will remain open for a year with points of review. While the EAFRD MA is working on preparing those calls, these will not be issued prior the Autumn statement now.

Resource Considerations

Unfortunately Pam Jones, our interim TA position, has decided to take up a permanent job offer and will be leaving at the end of September. We were unable to offer her a more permanent position as our TA agreement has been held up in the "pause". We have decided to proceed with a replacement now that we have received formal letter confirming that our ERDF Technical Assistant has been given the go ahead. It seems likely there will be a number of calls to progress.

Appendix 1 : Update on Calls and Projects

Update on European Regional Development Fund (ERDF)

- The ERDF MA is progressing on our pipeline assessments.
- **Digital Business Acceleration Hub**, by University of Surrey. £1,2 m. Awaiting Grant Funding Agreement. This project has proceeded at risk. The GFA has been issued by DCLG. We understand that this will be issued for signature soon.
- **Innovate to Succeed** by Oxford Innovation Services limited. £500k. The ESIF committee gave positive strategy advice on 15th June. This should now move to contracting phase and expected to be signed prior the Autumn statement. This project has proceeded at risk and is already providing impact reports.
- **South East International Business Growth** for additional support for exporting This project is worth £600k for Enterprise M3 area. Revised Full Application has been submitted to government following feedback arising from the Quality Audit . It will be presented to the ESIF committee on 10th October
- **Woodfuel supply chain and market** worth £548k. Surrey cc has been invited to submit a full application by 29 September and the applicant confirmed that they will do so. It is unlikely that this project will be contracted prior to the Autumn statement.
- **EM3 Innovation Support Programme** by University of Southampton worth £2,7m Full Application has been submitted to government and is currently being assessed by them.
- Two applications were received by government in response to our **Low Carbon Call** which closed on 10th June. One project worth £1.7m led by the University of Portsmouth has passed the Gateway stage and is currently going through the QA process. It will be discussed at the next ESIF committee. However, it is unlikely this project will be signed prior the Autumn statement.
The other project lead by PRP Architects on behalf of Community Infrastructure Group CIC worth £2m failed at Gateway stage.
- There are 3 ERDF specifications agreed by our ESIF committee and ready to be issued: the re-issuing of our 'access to finance' specifications worth £500k, 5G worth £4m and the digital sector specs worth 1.2m.
- A Low Carbon Consultation event took place 14th September to gather inputs from stakeholders on informing possible future calls.
- ERDF Technical Assistance (TA): We have received an official notification that we have been successful and waiting for Grant Funding Agreement.

Update on European Social Fund

- 39% of ESF has now been committed to procurement by government but we still don't have any ESF project contracted.
- SFA Opt-in – There are 5 calls going through the Skills Funding Agency (SFA) covering:
 - 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 projects are currently going through assessment.
- Big Lottery Funding 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 WSX Enterprise is waiting for its GFA.
 - Social Inclusion – Four applications were received for stage 1 and are proceeding through the governance process.
- Direct call for Digital skills: We have been invited to progress the preparation of a direct call to support Digital Skills. The project scope remains to be drafted and will build on the very successful Digital Skills for the High Street (DSHS) funded by BIS 2014/15. Enterprise M3 is currently discussing cross LEP working opportunities with both Coast to Capital and Thames Valley Berkshire on this topic.
- ESF Technical Assistance (TA): The GFA for our ESF TA worth £148k has been received and signed by our Accountable Body.

Update on European Agriculture Fund for Rural development (EAFRD)

- The first three EAFRD specifications for Enterprise M3 closed on 08/01/16. 11 applications were received against the 3 following project calls: SME **business development grant** (from £50,000 up to approximately £140,000) for micro and small businesses in rural areas; support investments in new or existing **visitor attractions**. Grant (from £50,000 up to approximately £140,000) and support for micro, small and medium-sized businesses seeking to expand and create jobs in the **food processing sector** (from £50,000 to £250,000). The ESIF committee gave advice on the strategic fit on 29th March and the following 7 projects were invited by DEFRA to proceed to full applications:
 - Hambledon Wineries Ltd for a new tourism and visitor centre facilities
 - T. Hilling and Co Ltd T/A for Chobham Adventure Farm Park
 - G Horn and Sons for an office conversion
 - Artisan Farm Limited for Goats Cheese Dairy
 - Whitewater Potatoes Limited for Freefolk Distillery
 - BrushBaby Ltd for an E-Commerce NPD Project
 - Hambledon Wineries Limited for a New Wine Cellar and Capacity Expansion
- Not all 7 have submitted a full application and these are currently going through final assessment. The results of this first EAFRD round of calls will be tabled at the next ESIF committee for strategic fit on full applications.
- Future calls: The next EAFRD call will be open post Autumn statement. It is intended to issue similar specifications as in the first call and to allocate the remaining of the money. Broadband is not an available option any longer

ESIF Committee

The next Enterprise M3 Area ESIF Committee will meet on 10 October.

Kathy Vuillaume
20 September 2016