

Enterprise M3 Board

26 March 2020

EU Programme Update - Item 16

Board members are asked to **NOTE** the progress on the EU programme.

1. General Update

- 1.1. The Government gave a Treasury Guarantee to the European Structural and Investment Fund (ESIF) Programme post the EU referendum. This meant that this EU funding pot worth €45.6m (approx. £42m) comprising of ERDF, ESF and EAFRD in the Enterprise M3 LEP area is guaranteed to the end delivery date of December 2023. This guarantee was confirmed again by the Managing Authorities on 1 August 2019 and is still valid.
- 1.2. Other EU funding Programmes including INTERREG and Horizon 2020 programmes are now guaranteed in the same way as ESIF Funding.
- 1.3. Reserve Funding calls are in process with ERDF opening on 20th March; closing at the end of the Summer, EAFRD rounds closed on 16 February 2020, ESF is technically open but we do not have any call open in our LEP area yet. The Commission informed the Managing Authority (MA) that they are able to contract projects beyond December 2020 so we may have several rounds of new calls under the Reserve funding pots until all funding is allocated.
- 1.4. We had our formal debriefing with MHCLG on our Internationalisation project. The MA is recommending to bring back in the grant funding element of the scheme. We need to submit a revised final application and the final decision known by the end of March.
- 1.5. The amount allocated to EM3 of £184,158 as Legacy Fund remaining from the previous European programming period has now been paid to the LEP to be spent on any 'business support initiatives in the spirit of ERDF'.

2. European Social Fund (ESF)

- 2.1 Taking into consideration the revised exchange rate, 86.2% of our ESF allocation is published including 36.2% contracted, 28.8% in the pipeline and 14.7% spent.
- 2.2 Informed by the consultation event run at the end of the year, we submitted 5 new ESF specifications to DWP ready for publication under the ESF Reserve Funding Pot for:
 - Skills for the 60+ workforce in the Enterprise M3 Area worth £1.5M under priority 1.1
 - NEET worth £1.5m ESF under priority 1.2
 - Community Grants Programme £1.5m ESF under priority 1.4
 - Skills support for employment for armed forced veterans and their families in Enterprise M3 £1.5m under priority 1.4
 - Education and employment support for Service Children in Enterprise M3 £1.5m ESF under priority 1.2
- 2.3 We had 11 attendees from organisations at our ESF Digital Skills Launch and Partnering event on 16 January 2020 at the Red Lion Hotel in Basingstoke to support the direct call 'Digital Skills for the Unemployed' worth £1.5m which opened mid-November 2019 and closed on 11 February 2020.
- 2.4 Our ESF Technical Assistance Q1, Q2 and Q3 2019 aggregated ESF payment claim in October for £13,495.67 has been paid. The Managing Authority requested that we aggregate

our Q4 2019 with our Q1 2020 payment claim to take advantage of a newly simplified payment claim process for ESF technical assistance projects. This will be submitted in April 2020.

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

- 3.1 Taking into consideration the revised exchange rate, 100% of our ERDF allocation is published, 35% of applications are in process, 20% is contracted and 6% of ERDF has been spent.
- 3.2 Out of 7 ERDF projects that passed Gateway stage, 6 have now submitted a Full Application (FA)
- Elation lead by Centre for Process Innovation worth £546k has now withdrawn due to lack of secured match-funding
 - Digital Growth Factory lead by Basingstoke and Deane Borough Council worth £1.5m submitted a FA
 - SME growth toolkit led by SME Wholesale Finance worth £500k submitted a FA but there is a remaining issue with a delivery partner
 - Manufacturing Growth Programme Extension lead by Oxford Innovation Services multi-LEP worth £300k submitted a FA
 - The South Internationalisation Fund led by DIT multi-LEP worth £750k submitted a FA
 - SE Gateway to Trade led by Newable multi-LEP worth £400k submitted a FA
 - Low Carbon Across the South East (LoCASE) lead by Kent County Council multi-LEP worth £2.7m submitted several FAs as the project was advised to be split activities between capital/revenue and specific measures to minimise risks.
- 3.3 We resubmitted a PCR (Project Change Request) for extending the ERDF Technical Assistance project until the end of September 2020. It is a QA stage and we are only waiting for revised match-funding letters from delivery partners.
- 3.4 We submitted our payment claim for Q1 2019 worth £14,178 in April 2019, submitted our Q2 2019 payment claim in July for £15,629.75, submitted our Q3 2019 payment claim in October 2019 for £12,218.39 and submitted our Q4 2019 payment claim in February 2020 for £11,145.50. These payments will be paid after validation now that we have re-submitted the completion of the documentation for the extension to our ERDF TA project.

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

- 4.1 100% of our EM3 allocation has been published with 15.4% projects contracted, 10% spent. From the 110% overcommitted we had some drop off rate and there is currently approx. £2.8m that has been moved to the EAFRD Reserve Funding call. Nationally, the programme had about 40% drop off rate.
- 4.2 The Reserve Fund call for EAFRD opened in November 2019 with £35m with a minimum size of project reduced from £35k to £20k with a 40% intervention rate for capital funding only. All three priorities were open for EM3 '*Business Development*', '*Food Production*' and '*Tourism Infrastructure*'.
- 4.3 Around 25 rural businesses attended our EAFRD Rural Funding Event on 14 January 2020 at Test Valley Council Offices in Andover. The outline applications deadline closed on 16 February 2020. We understand that the Managing Authority had a high volume of applications. In our area only, we received 39 applications. All Expressions of Interest for this round of calls will be assessed by written procedure.

Kathy Vuillaume/Susan George
19 March 2020