

Enterprise M3 Board

30 July 2020

EU Programme Update - Item 15

Programme Management Group 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. The Commission informed the Managing Authorities that they are able to contract projects beyond December 2020.
- 1.2. The ESF and ERDF Managing Authorities have issued statements that the staff they deployed to work on COVID-19 are returning to their normal roles, therefore the assessments of pipeline projects are progressing with priority given to projects supporting economic recovery. The majority of the remaining reserve funds will be redeployed to help with COVID economic recovery.
- 1.3. There is £50m ERDF for reopening 'high streets safely fund' open call launched on 1 June. All LAs have been given a nominal allocation. We hosted a webinar to provide supporting and technical assistance to the local authorities in our LEP area in applying for the funding at 100% intervention rate. A high attendance of local authority representatives took part in the webinar.
- 1.4. A £10m ERDF funding was announced to support the Visitor Economy with a 100% funded grant scheme (£1,000 to £3,000) for tourism sector SMEs, our allocation will be £150k for our area. A further £20m ERDF funding was confirmed in support of economic recovery for the wider economy, our allocation will be £250k for business support activities linked to Growth Hubs to include a 100% funded grant scheme (£1,000 to £5,000) for SMEs. We are in discussion through the other LEPs to administer the Fund through a Cluster Lead. All this funding will be 100% intervention rate.
- 1.5. We responded to further conditions raised on our ERDF EM3 Internationalisation project provided at the end of April, it is now at final stage with QA process. There is an SME grant funding element in the project and the total value is £1,975,058.
- 1.6. We hosted an ESIF Practitioners Network on 20 May via videoconference with the project managers of our contracted ERDF and ESF projects to discuss best practice on how projects are adapting to COVID-19 and to collate feedback to the Managing Authorities on how EU Reserve Funds could be adapted to aid economic recovery. We had a high attendance with every project represented.
- 1.7. ESFA has confirmed the ability to extend opt-in projects until the end of the programming period. Our ESF STEP project will benefit from this extension until 2023, this is particularly relevant as more young people might be at risk of becoming NEETs due to the pandemics.

2. European Social Fund (ESF)

- 2.1. Taking into consideration the revised exchange rate, 86.2% of our ESF allocation is published including 38.9% contracted, 19.5% 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 ESF
- NEET worth £1.5m ESF
- Education and employment for service children in Enterprise M3 worth £1.5m
- Community Grants Programme £1.5m ESF
- Skills support for employment for armed forced veterans and their families in Enterprise M3 worth £1.5m ESF

We are awaiting feedback from the MA and the timing for the issue of new calls.

- 2.3. The Managing Authority requested that we aggregate our Q4 2019 with our Q1 and Q2 2020 payment claim for our ESF Technical Assistance project to take advantage of a newly simplified payment claim process for ESF technical assistance projects. We are in the process of completing this aggregated claim. We have also submitted a project change request (PCR) to decommit some of the ESF funding as this technical assistance project has made substantial savings in its delivery. The decommitment is £69,551 of which £41,433 is reduced for EM3 and £28,118 is reduced for project partners.

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

- 3.1. Taking into consideration the revised exchange rate, 100% of our ERDF allocation is published, 34% of applications are in process, 18% is contracted and 6% of ERDF has been spent.
- 3.2. The 6 ERDF projects that most recently submitted a full application going through appraisal process are:
- Digital Growth Factory lead by Basingstoke and Deane Borough Council worth £1.5m
 - SME growth toolkit led by SME Wholesale Finance worth £500k
 - Manufacturing Growth Programme Extension lead by Oxford Innovation Services multi-LEP worth £300k
 - The South Internationalisation Fund led by DIT multi-LEP worth £750k
 - SE Gateway to Trade led by Newable multi-LEP worth £400k
 - Low Carbon Across the South East (LoCASE) lead by Kent County Council multi-LEP worth £2.7m
- 3.3. Our PCR extending the ERDF Technical Assistance project until the end of September 2020 has been approved. This means that payment for Q1 2019 onward can be paid now. The final outputs for this project include the creation of two further case study videos, one for the Manufacturing Growth Programme and one for the Emphasis 3 low carbon project. We have also started the Summative Assessment process and have appointed Hampshire County Council Insight and Engagement Unit team to conduct the final analysis

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

- 4.1. 100% of our EM3 allocation has been published with 15.4% projects contracted and 10% spent.
- 4.2. From the last EAFRD Reserve Fund call with £35m, we received 39 applications in our area only. 31 applications have been passed the gateway assessment and been invited to submit full application. Covid 19 had an impact on rural businesses and not all EAFRD pipeline projects may make it. Nationally, there is a high dropout rate. If all go through in our area, this will represent £3,771,156 of EAFRD funding to enable rural business development in the EM3 area and unlock a further £4,968,610 of private investment.

Kathy Vuillaume/Susan George – 21 July 2020