

Enterprise M3 PMG

10 September 2020

EU Programme Update - Item 8

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. In July, Government announced two national schemes that will be delivered in LEP areas: £10m ERDF funding to provide a kickstart SME grants programme for the Visitor Economy and £20m for the wider SME community directly affected by COVID-19. Our LEP allocation is £151,000 for the Visitor Economy and £250,000 for the wider SME community. Both grant schemes will offer 100% grants to eligible SMEs between £1,000 to £3,000 and in exceptional cases £5,000 for the wider economy. No match funding is required. We expect to make around 90 grants. This additional funding is made available through existing PA3 projects and we selected Exemplas Ltd to administer the grants on behalf of EM3, C2C and TVB LEPs. We submitted a Project Change Request (PCR) which has been accepted. We are leading the work through the South Central Cluster activities with a joint marketing approach and common scoring methodology used by all Growth Hubs. There is a net cost to each LEP of £3,453 for interest rates on borrowing costs as these are not eligible under ERDF. We are planning to launch both schemes in early September through a common platform. We are expecting a high demand and we are ready to manage applications through an online Gateway process.
- 1.3. On 16th July, we provided a technical assistance webinar for local authorities in our LEP area to support them in applying for the £50M ERDF for reopening 'high streets safely fund'.
- 1.4. Enterprise M3 LEP have advised project partners and the Managing Authority that they are not proceeding with the ERDF EM3 Internationalisation project due to funding and capacity constraints.
- 1.5. 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 pandemic.

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 last year, we submitted 5 new ESF specifications to DWP 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
- 2.3. These were postponed due to the pandemic. Recently, the Managing Authority informed us of the requirement to produce an ESF recovery plan in support of the release of any new calls which must be related to COVID-19 economic recovery. We are waiting for further guidelines.
 - 2.4. 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 reduced for EM3 and £28,118 reduced for project partners.
 - 2.5. We produced 4 case studies of our contracted ESF projects that will feature in the national ESF booklet.
- 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
 1 September 2020