

08/04/2020

**To: Growth Programme Board, local ESIF sub-committees, Performance and Dispute Resolution national sub-committee**

### **European Structural and investment (ESI) Funds response to COVID-19 - Update**

COVID-19 continues to present significant challenges across our communities, and we are grateful for your support during this very difficult period.

Since Julia Sweeney's letter of 23<sup>rd</sup> March, we have continued to develop arrangements for the ESI Funds in England in response to the situation. Our focus has been on measures to help existing projects get through this period and the potential to adjust some activities in line with emerging needs. We have been working across government and with the European Commission to support these arrangements.

You may be aware that the European Commission has now agreed a package of flexibilities within existing European Structural and Investment (ESI) Fund budgets setting out how programmes can respond to the COVID-19 crisis - the Coronavirus Response Investment Initiative (CRII). In response to what is a very fast-moving picture, the Commission is proposing additional measures to this package. These include scope to vary ESI Funds intervention rates, spending levels in Priority Axes and other flexibilities.

Taken together, these provide a range of opportunities for different sets of circumstances in the UK and individual EU Member States. We are working rapidly to consider the opportunities that will be of benefit for each programme, alongside the Government's economic support package and a new Temporary State Aid Framework also agreed by the EU.

We are very conscious about the impact COVID-19 is having on projects across the ESI Funds. Following discussion in MHCLG, DWP and Defra and with many of our partners, Managing Authorities have introduced a range of flexibilities to ensure that payments can continue to flow to projects who are experiencing delivery difficulties at this time. We've created a new COVID-19 ESI Funds page on GOV.UK to provide the latest information on this, including Q&A for some of the most urgent issues, which will be updated regularly as further questions are addressed.

We are also reviewing scope to adjust the focus of some project activity following discussions we are having with partners and in government in response to COVID-19. While much of the ESI Funds provision will continue to address core growth needs, there may be a case for repurposing some of this in line with current circumstances.

This will vary according to each ESI Fund. For instance, MHCLG is considering ERDF measures that support job safeguarding and company stabilisation instead of high growth outcomes in some cases. We will prioritise projects that help businesses to access appropriate advice and guidance to respond to COVID-19 and its economic effects, rather

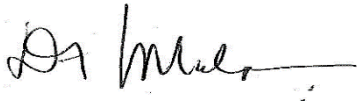
than an immediate expansion of working capital. This will be kept under review but takes account of the HMG's latest business support measures, like the Coronavirus Business Interruption Loans Scheme, the Coronavirus Job Retention Scheme, Self Employed Income Support Scheme and cash grants made available to local authorities. DWP and Defra are also reviewing the basis for any changes in ESF and EAFRD provision.

The response to COVID-19 is a top Government priority. All departments are playing their part in this and are prioritising work as a result, including Managing Authority departments. In addition to prioritising claims and payments, Managing Authorities will continue to process urgent project change requests that are essential to the ongoing delivery of the project and/or payment of claims. They will also continue to carry out actions set out in the COVID-19 Q&A on GOV.UK.

ERDF GDTs are supporting COVID-19 response work in MHCLG and are therefore prioritising the appraisal of full applications and / or continuation requests that are time critical during this period. While we understand that this may delay some approvals and project start dates, we will continue to keep this under review to minimise the impact on pipeline projects. We will work with partners during this time to consider the focus of these projects and the case for revising growth activities in line with emerging circumstances.

Thank you again for your support in helping to ensure that the ESI Funds deliver for our communities during this period and beyond.

Yours sincerely,



David Malpass  
Delivery Division,  
European Programmes and Local Growth

[David.Malpass@communities.gov.uk](mailto:David.Malpass@communities.gov.uk)  
Ministry of Housing, Communities, and  
Local Government  
3rd Floor SW, Fry Building  
2 Marsham Street  
London SW1P 4DF



David Morrall,  
Policy & Partnerships Division,  
European Programmes and Local Growth

[David.Morrall@communities.gov.uk](mailto:David.Morrall@communities.gov.uk)  
Ministry of Housing, Communities, and  
Local Government  
3rd Floor SW, Fry Building  
2 Marsham Street  
London SW1P 4DF



Geoff Hawker

Head of European Social Fund England  
Geoff.Hawker1@DWP.gov.uk  
Department for Work & Pensions  
2 St. Peter's Square  
Manchester  
M2 3LR