

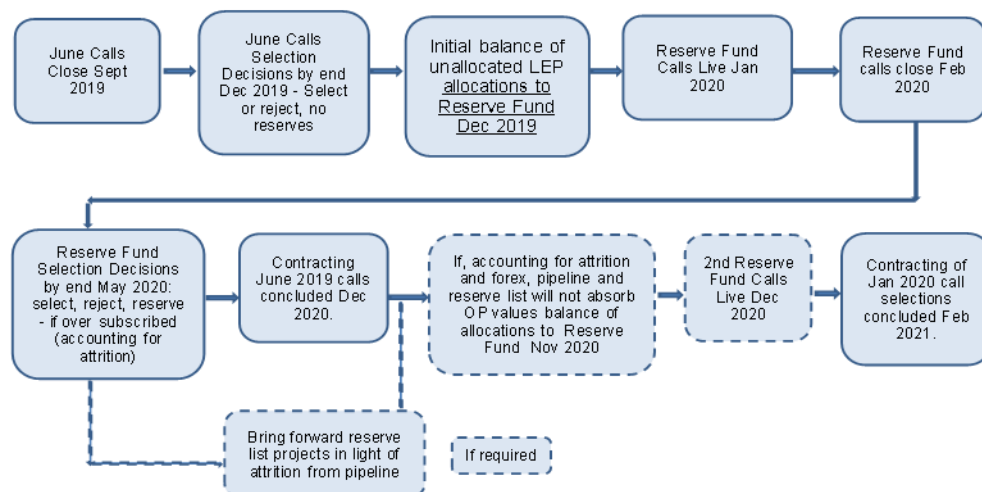
ERDF Reserve Fund: Calls Discussion Paper.

Annex C

1. **Purpose:** to set out initial thinking on the development of reserve fund call templates.

2. **Approach to calls:**

- **An updating of current templates rather than wholesale review.** The current templates are familiar to staff and partners and reflect experience. Substantial change risks creating unnecessary disruption.



- **Based on withdrawal from the EU under a withdrawal agreement¹.**
- In the event of a withdrawal from the EU without agreement, calls may include some flexibilities on the basis of a domestic framework. This will be set out as the calls are developed but the rules governing the Treasury Guarantee currently severely limit that scope.
- **England level calls² reflecting priority axis (PA) and category of region (CoR) allocations** and including all CoR. Funding managed within PA and CoR allocations.

Position of CloS is to be determined, if not within national calls projects seeking to operate across CloS and another LEP area, or the entire country would be obliged to make two applications – one to the reserve fund and one to CloS. A workable compromise with CloS, if it resists full inclusion would be to allocate a proportion of the remaining less developed allocation to national calls to support pan-LEP activity that benefits the CoR.
- **Call would not include specific LEP priorities in the body of the text or an annexe.** Call will reference the role of partners and alignment with local priorities (as set out in ESIF strategies or LIS) but would not include specific LEP by LEP priorities.
- **Priorities based on OP and national policy priorities, taking account of advice from GPB/PDR and non-SUD IBs** – reflecting the agreed MoUs which reference contributions to calls.

¹ A no deal reserve fund would operate in a more flexible environment with greater scope to revise the content and structure of call templates.

² Call could operate at other spatial levels e.g. Northern Power House or Midlands Engine, however this would add complexity and work against national provision.

- **Priorities set out in call templates and incorporate part of assessment of strategic fit.** Priorities must be sufficiently clear to support prioritisation, but calls will need to be permissive enough to ensure absorption i.e. certain activities will be prioritised but are not essential for support. For example, the priorities highlighted to the GPB:
 - Applications that are EITHER Pan-LEP area, on the basis of existing pan-regional structures, such as the Northern Powerhouse and Midlands Engine, or other pan-LEP area propositions OR community-level initiatives against criteria that will be developed;
 - Clear delivery of the Industrial Strategy and (where relevant) Grand Challenges AND multi-Foundation based;
 - Innovation, either in substance of activity or mode of service delivery; and
 - Links to domestic growth initiatives
- **Projects may apply to operate in a single LEP area, across a number of LEP areas or across the whole of England.**
- **Projects may be new activity or extensions of existing projects.**
- **A single call per priority axis, excluding PAs 7 and 8.** We cannot, by regulation establish new CLLD schemes and projects are contracted to 2023 and unlikely to require additional funds given absorption to date. Community level initiatives can be pursued under PA3.
- **One or two call windows:**
 - January 2020; and
 - If required December 2020, or sooner if necessary.
- **Standard calls with a single end date.** This is straightforward and gives clarity. Other options are available e.g. rolling calls, however these may be more appropriate to a subsequent round, approach to future rounds could be flexed to accommodate different circumstances in PAs or CoR.
- **Indicative budget (with flex to go over or under) set at national level PA and CoR level.**
- **Calls will need to strike the right balance between facilitating prioritisation whilst being permissive.** Although calls will seek to be specific around priorities for investment this needs to be balanced with the need for us to commit all the funding. We need to avoid situation where we have been so prescriptive around the priorities that we do not bring forward enough applications to absorb the funding. As such the call specification needs to be as permissive as possible but with a clear set of priorities that enable us to prioritise.

3. Revised Template

A revised, call template is attached at Annex ~~DE~~ with track changes³.

Notable changes:

³ No particular reason why PA3, same issues and approach apply to all PAs.

- **Clarity that projects may be in one, LEP a number of LEPs or England wide.** We may wish to prioritise pan-LEP activity but mandating it could be counterproductive in terms of unnecessarily restricting demand.
- **Removal of the local growth priorities section.** But references made to the fact that IBs and ESIF committees will retain their role in advising on local fit and that this will be a factor in prioritisation.
- **All priorities presented in the context of the OP and national policy.** We can include as many or as few priorities as we wish. Either in all calls or in particular PAs. They would be assessed and built into prioritisation through the strategic fit criteria.
- **Clarification of the prioritisation process and role of IBs.** How we engage IB areas in pan-LEP area activity requires further development but for the purposes of discussion the language gives some flexibility: *In areas where an intermediate body has been designated, and all or a significant proportion of the project activity takes place in the area, the intermediate body will....*

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