



Ministry of Housing,
Communities &
Local Government

England ESIF 2014-2020 COVID ERDF Medium Term Response

June 2020



GPB Agenda Item 3: ERDF Response to CV-19 in the medium term

ERDF's medium-term response is focused upon:

- Identifying and **addressing spatial and sectoral impacts** of CV-19 on the economy.
- Ensuring the **ERDF pipeline remains well placed to make strong contribution to local growth** going forward.
- Developing **plans for use of unallocated ERDF resource** to further mitigate impact of COVID-19 and support local growth.
- **Working with EU, partners and OGDs to use ERDF proactively** to respond to challenges arising from COVID -19.



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Addressing Spatial and Sectoral Impacts of CV-19 on the Economy

- MHCLG is working with analysts and other government departments to understand emerging spatial, sectoral and labour market impacts and to position the ERDF programme to respond with support for recovery over the medium term up to 2023.
- This emerging analysis points to:
 - Immediate sectoral issues (e.g. retail, tourism and hospitality);
 - More persistent effects in some sectors and impacts on places with high levels of linked employment and GVA;
 - A general correlation between areas with high levels of employment in affected sectors, places with lower levels of economic resilience and ERDF's geographic distribution.
- This underlines a continuing need to:
 - target support in the places our funding is focused
 - maintain the current thematic scope, concentrated on SME, innovation and low carbon themes which will be critical to helping places recover from CV-19.



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ERDF pipeline projects – a strong contribution to local recovery

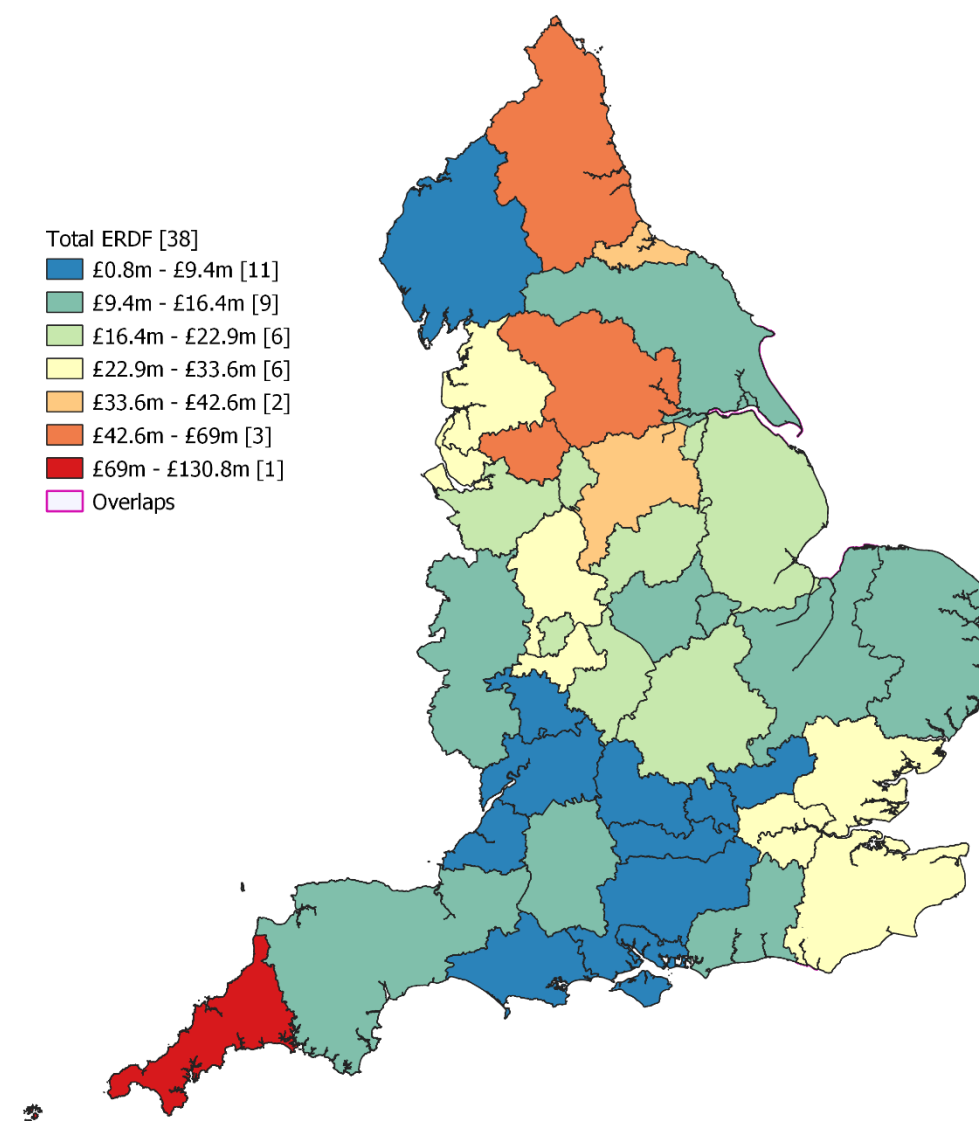
- ERDF has a c£790m pipeline, and Growth Delivery Teams continue to work with applicants to review pipeline projects, repurpose projects where required and confirm local and national strategic fit, adjusted to CV-19 circumstances.
- Project appraisal is ongoing and the appraisal of all priority projects and project change requests is expected to be complete by December 2020.
- While we anticipate attrition, discussions also point to pipeline remaining well aligned with local needs and with match funding holding up. This will remain under review as the government's support measures taper down and business impact becomes clear.
- We are confident that the pipeline provides for a rolling programme of investment over the medium term directly related to local recovery with the demonstrable support of local partners. All pipeline approvals are expected to form a constituent part of local recovery plans over immediate to medium term.



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ERDF pipeline projects – a strong contribution to local recovery

- The pipeline includes c.£218m project continuations (28%)
- Projects at full application/ GFA stage: c.£540m (68%)
- The pipeline PA split is in line with that of live ERDF projects
- We have identified c.£55m in pipeline projects that will benefit the visitor economy such as tourism infrastructure, infrastructure projects for coastal communities and business support
- Note: the map shows ERDF distribution of pipeline but data has not been updated (from April 2020)





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Plans for utilising unallocated ERDF

- In March, we deferred the 'Reserve Fund' calls to allow MHCLG to respond to CV-19.
- We are now developing new options for use of unallocated ERDF.
- Considerations include:
 - Available resource, taking account of new CV-19 commitments (High Streets) and pipeline attrition (which will release money to an unknown timescale).
 - Ongoing need to manage foreign exchange fluctuations which can have an outsize impact as the programme approaches full commitment.
 - Requirement to contract funding quickly to allow for maximum delivery time.
 - Addressing emerging recovery funding needs, including but not limited to additional business support, working capital/FI needs, sectoral or thematic focus.
 - Need to align with other government initiatives and local recovery plans.
 - Ministerial and partner interest in utilising ERDF's flexible pot of capital and revenue funding to support recovery plans in new and innovative ways.

Taking account of timing, available resource and new routes to market such as commissioning, we no longer expect to launch national calls for proposals.



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Working with Partners to Respond Proactively

- We will work with partners and other government departments to identify appropriate opportunities to utilise ERDF to support business recovery through targeted revenue and capital investment. This may include for example:
 - Utilising funding to match/augment other initiatives, e.g. productivity support, adopting and tailoring existing schemes, and helping businesses (which could be targeted/focused on specific sectors) to adopt productivity enhancing measures.
 - Targeted extension of high performing, high impact projects critical to local or national recovery plans (e.g. Financial Instruments, sector support, supply chain support, innovation).
- We will provide further information to the GPB as these plans develop, including timing and how we propose to manage the process and engage partners in investment decisions.