



## **ESI Funds Growth Programme Board**

### **ERDF Programme Delivery**

#### **Purpose:**

To advise the board on progress with European Regional Development Fund (ERDF) Programme delivery to 31st March 2020.

#### **Recommendation(s):**

That the Growth Programme Board note the current position.

#### **Summary:**

The overall Sterling value of the Programme has been revalued to £3,233m. This is a reduction of £63m from £3,296m.

**Overall Progress on Contracting;** 853 projects (inc.11 financial instruments (FIs) with ERDF of £2,256m have been contracted. This represents 70% of the programme budget. This is an increase of 31 contracted projects (£71m ERDF) compared to the previous quarter.

There are 531 pipeline applications (inc.1 FI) with ERDF of £875m. This pipeline is a further 27% of the programme budget. The decrease of 93 since the previous quarter is mainly due to projects progressing to contracted either as a new project or an uplift to a current project.

Adding contracted projects with those in the pipeline, represents 97% of the programme budget. By Category of Region this is Less Developed 108%, Transition 94% and More Developed 96%.

**Overall Progress – Expenditure;** Cumulative claims paid by the Managing Authority (MA) to grant recipients total £1,047m ERDF, an increase of £120m from the previous quarter.

**2023 Performance Framework Targets - Exp /Outputs;** Steady progress is being made. There are sufficient applications in the pipeline for the 2023 targets to be met.

**N+3 Target;** As at 31<sup>st</sup> March cumulative ECPAs are now valued at €1123m against the 2020 target of €1340m.

See Annex B for high level programme dashboard

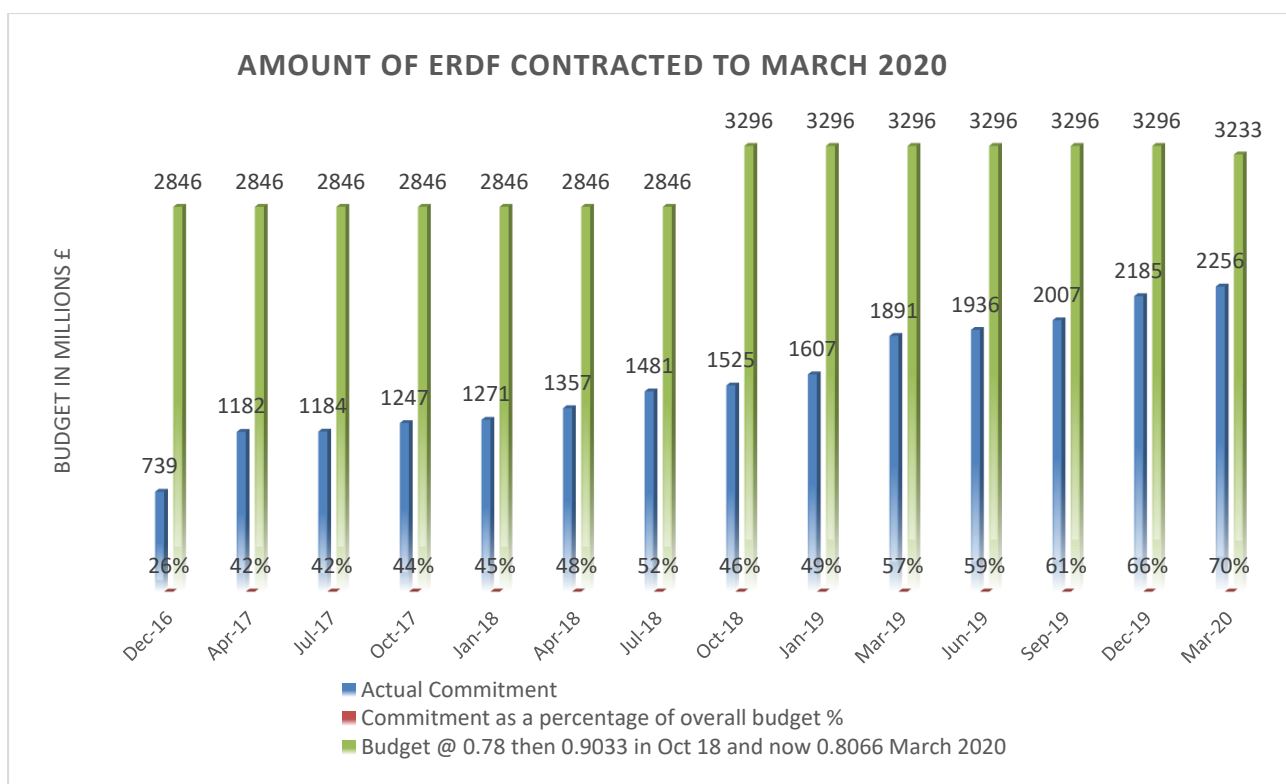
Note a supplementary presentation will be provided to the GPB to update on the position due to the government's Covid 19 response

## **Programme Value and Targets**

1. The value of the programme ERDF only is €3,649m with the Sterling value modified to £3,233m. Instead of a single foreign exchange rate being used the sterling budget is now based on drawdown from the EU and forecast exchange rates up to the end of 2023. The forecast rate is provided by Finance using the Bank of England spot rate with additional reference to HMT's forecasts.
2. The ERDF+Match Programme (total eligible expenditure value is €6,572m. Using a weighted average exchange rate of €1 = £0.8806, this values the Programme at £5,301m. The 2023 Performance Framework expenditure targets are measured against Total Eligible Expenditure (TEE).
3. Programme performance is also measured against N+3. This is measured against ERDF (based on CoR Intervention rates).
4. The Operational Programme value and all returns to the European Commission are based in Euros. Internal Performance Monitoring is also done in Sterling.
5. The analysis within this document reflects the revisions to the performance framework targets, as stated in the second programme modification, which was agreed during November 2018. The impact of a further programme modification will be reflected in next quarter's reports

## **Programme Budget & Contracting**

6. The chart shows the amount and % of ERDF that has been contracted over time to March 2020. There has been a significant increase in commitment compared to the same time last year, increasing from 49% to 70% of the programme value.
7. The contracting of projects has been a priority, with 531 applications currently in the system.



8. As at 31st March, 70% of the ERDF allocation (inc. FIs) has been contracted. By category of region this is Less Developed 77%, Transition 67% and More Developed 69%.

Category of Region	Allocation £m	Commitment £m (inc. FIs)	Commitment %	Commitment & Pipeline £m	Commitment & Pipeline %
Less Developed	£419	£324	77%	£451	108%
Transition	£965	£648	67%	£907	94%
More Developed	£1,850	£1,285	69%	£1,722	96%
<b>Total</b>	<b>£3,233</b>	<b>£2,256</b>	<b>70%</b>	<b>£3,131</b>	<b>97%</b>

9. The table shows the position including the pipeline. Including the current pipeline LD is 108%, T is 94% and MD is 96% making an overall total of 97%.
10. Pipeline projects will progress through to commitment as applications are processed, currently 531 applications which includes the June Call applications.
11. A level of attrition is expected for pipeline projects with the overall position being closely monitored to ensure full Programme Commitment.

## N+3 Target

12. The European Commission (EC) will automatically decommit funds for which it has not received an acceptable payment request by the end of the third year following approval of the operational programme.
13. The England Operational Programme (OP) was approved in 2015, therefore the budget stated in our OP for 2018 has to be defrayed by applicants as eligible expenditure and submitted in a payment application to the EC by 31 December 2018 (with adjustments made for pre-financing). This process then applies cumulatively to future years of the programme in the same manner.
14. The table below shows the N+3 target at OP level for 2020 is €1340m. Progress against the target is shown by category of region and at operational programme level. The target is reduced by the value of payments submitted by the certifying authority (CA) to the EC.
15. N+3 is only officially achieved when the certifying authority has submitted payment applications to the EC.
16. N+3 is based upon the ERDF contribution towards total declared expenditure at the category of region intervention rate rather than the value of actual payments at the project level intervention rates

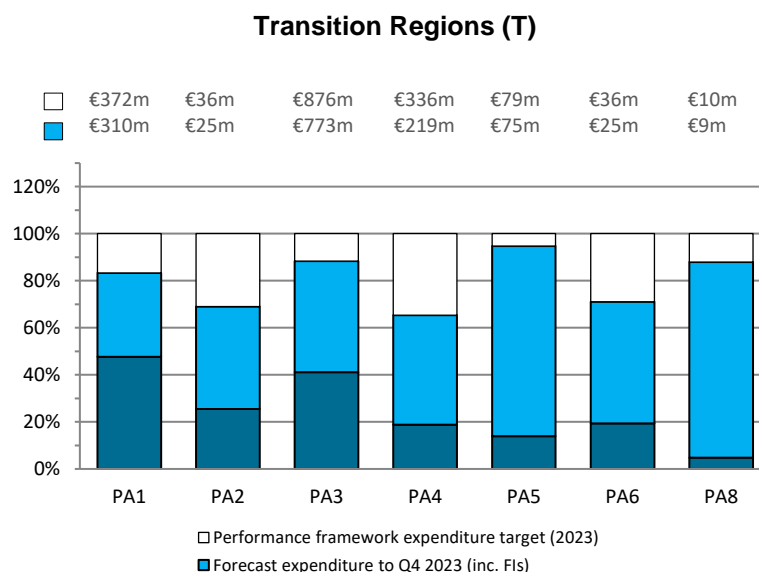
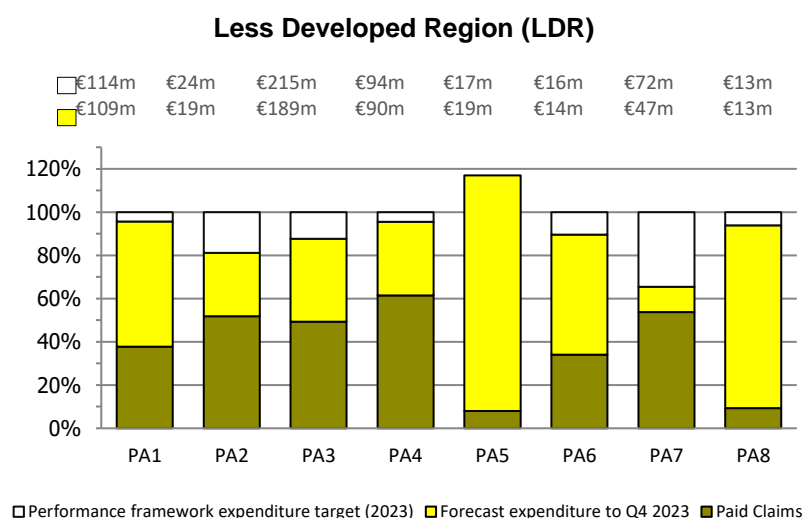
<b>N+3 2020</b>	<b>Less Developed</b>	<b>Transition</b>	<b>More Developed</b>	<b>Total</b>
N+3 target for payment claims (€m)	€ 168	€ 396	€ 776	€ 1340
Less Payment applications submitted to the Commission at relevant exchange rate	€ 184	€ 331	€ 609	€ 1123
Current gap (€m)	+€15	-€65	-€167	-€216

17. The CA will be submitting a further ECPA in May. As at 31<sup>st</sup> March cumulative ECPAs are now valued at €1123m (83%). The unofficial MA position is €1352m (101%) with no discounts for irregularities (based on claims paid by the MA, not all of which will be available to the CA to certify).

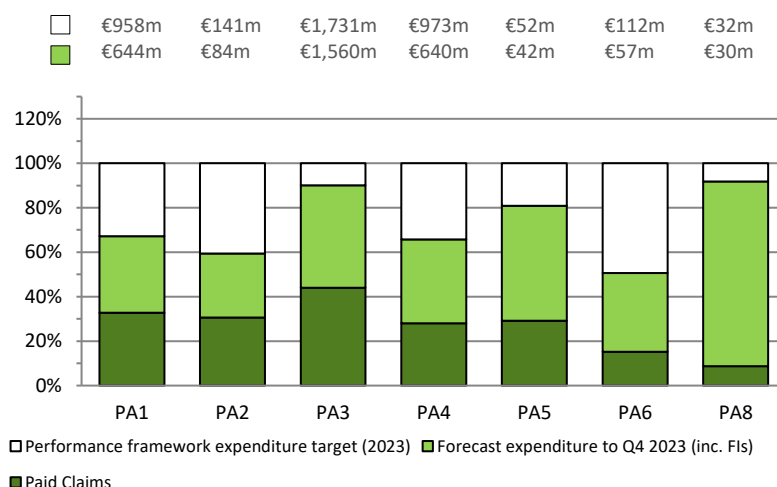
## 2023 PF Expenditure targets including paid claims (€m) by Priority Axis across each of the Category of Regions from contracted projects

18. Contracting progress by Category of Region is steady on all the Priorities, and with the exception of PA2 and PA6 MD all Priorities have now contracted over 60% of their allocation.

19. Covid-19 will undoubtedly have an impact on the progression of pipeline projects going forward which will be under ongoing monitoring and Policy development.



### More Developed Regions (MDR)



### PA1

20. Less Developed; Excellent progress made on contracting the PA1 Less Developed ERDF allocation - this now stands at 96%, and should increase further with the outline and full applications submitted. 38% of the 2023 target has been achieved so far, which is satisfactory progress this far out from the end of the Programme. There are no areas of concern. There is approximately £13m of ERDF about to be contracted or going through the application process.
21. Transition; 83% of the Transition target has been contracted which indicates good progress. There is a further £58m in applications in the system which should improve the position further. Transition is the strongest of the CoRs in terms of achievement, with 48% of the target reached. This is satisfactory at this stage of the programme. No areas of concern.
22. More Developed; Progress in contracting MD PA1 ERDF is slow with only 67% of the allocation contracted. However, there is a further £134m in applications being processed which will help to improve the figure. MD is slightly behind the other CoRs with 33% of the target actually spent, but there is a strong pipeline of claims which will improve the position. There has been a high degree of slippage in PA1 projects which is reflected in the slower progress in achieving expenditure targets. There are different reasons for this across the various types of projects, but GDTs are taking under-performance action where required.

### PA2

23. Less Developed; Progress continues to be made against the LD 2023 PF target with the sum of contracted and pipeline set to achieve 101% of the allocation. Slippage in infrastructure projects continues and remains a risk that could impact

on projects' ability to fully deliver. Close monitoring of the infrastructure project continues to ensure infrastructure deployment completes to target.

24. Transition; Projects at all stages in the T CoR show the potential for 95% commitment levels to be achieved but noting 36% of CoR is pipeline and therefore subject to attrition. Projects are continuing to deliver broadly to expenditure profiles. The pipeline looks more positive following the June call, however there is insufficient headroom to make up any shortfall should the pipeline activity not reach delivery stage.
25. More Developed; Following the June 19 call, projects across all stages in the MD CoR show a total of 95% against the allocation. However, attrition at outline state could reduce this to circa 85%. Early stage project delays and adaptation to take into account BDUK Gigabit grant availability resulted in slippage of expenditure. Projects are now recovering and delivering to forecast. The pipeline has started to look more positive following the June call with activity now set to meet the PF targets. There are still concerns regarding the eligibility of some outline stage project which if do not proceed would reduce commitment levels to 85%.

### **PA3**

26. Less Developed; Positive progress for the LD COR continues to be made against the 2023 financial PF target with 87.6% of Total Eligible Expenditure legally committed (76.5% of ERDF). With £47.46m of ERDF in the pipeline, which reflects an overcommitment of 107% of ERDF although it is will lower as applications progress within the pipeline. At this stage of the programme, positive progress continues to be made with 49% achieved against the 2023 financial PF target based on actual claims made to date.
27. Transition; Although the Transition COR is slightly behind the other CORs, positive progress continues to be made against the 2023 financial PF target with 88% of Total Eligible Expenditure legally committed (67.2% of ERDF). With £129.55m in the pipeline, this reflects 95% committed to date. At this stage of the programme, positive progress continues to be made with 41% achieved against the 2023 financial PF target based on actual claims made to date.
28. More Developed; Positive progress for the MD COR continues to be made against the 2023 Financial PF target with 90% of Total Eligible Expenditure legally committed (76.6% of ERDF). With £177.38m of ERDF in the pipeline, this reflects 99.7% committed to date. At this stage of the programme, positive progress continues to be made with 44% achieved against the 2023 financial PF target based on actual claims made to date.
29. Overall for PA3 due to the impact of COVID 19, we anticipate that there will be a dip in some project performance, in particular those who are co-financed by the private sector or SME contributions. Capital projects have had to cease project activity due to the lockdown. However, as the majority of revenue projects are supported by public resources under PA3, they appear to be adopting a "business as usual" approach and adapting how they deliver business support in the current

climate through virtual means. Dependent on the project offer, in some cases projects demand for support is at an unprecedented level (in particular Growth Hubs and those projects which are able to provide business resilience / survival advice as well as those which offer support to adopting innovation and diversification to respond to those demands due to the COVID 19 impact in particular the health sector supply chain - this has also been facilitated through re-purposing of projects. We anticipate at the end of Q2 2020, we will start to get a better appreciation of the impact on live projects.

#### **PA4**

30. Less Developed; PA4 in Cornwall has shown a strong pipeline of energy-based projects and the last call continued this theme with an over commitment to the call, but it's taken time to get the projects through as energy projects are often challenging. One large P4 project was withdrawn last year but despite this, Cornwall is realising a reasonable amount of claims. Cornwall has a strong pipeline of projects at outline, which will need to be managed as it exceeds their allocation.
31. Transition; Contracting has had a higher incidence here as there are far fewer SUD areas in transition. Actual expenditure is low as it may be that it has taken time to fully work up the projects once contracted, for example the very large SUD project in Liverpool which has £8million of ERDF has taken time to fully engage.
32. More Developed; This has been slow due to delay in SUD's but has picked up more in recent Calls. The level of actual expenditure reflects the delays in bringing projects forward through the SUD process. On focus on bring claims through is needed in this area.

#### **PA5**

33. Less Developed; There are a small number of PA5 projects supporting the PF target, and the EA & Cornwall Council have worked to bring these forward to meet local demand. The actual expenditure is low as it can take a long time to finalise a flood scheme once contracted as the Environment Agency business cases need to be managed. Maintaining the existing portfolio should deliver the expenditure and outputs.
34. Transition; The number of projects brought through has been quite healthy and a great deal of work has been undertaken with the EA to achieve this. As with the other areas there is a lag between contracting and delivery on the ground due to the need to take the proposal through the EA's business case to define the best possible flood protection solution.
35. More Developed; There has been greater number of projects coming through Leeds City Region who have also taken additional money from the North East. This is relatively low as many of the schemes have only recently been contracted.



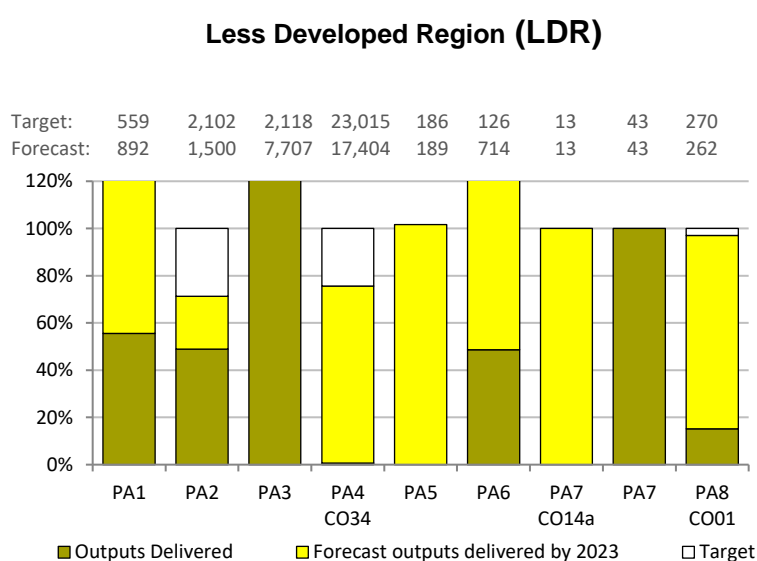
## PA6

36. Less Developed; Overall there may be an under performance depending whether there is a future call for the remaining funding. The work can be very seasonal due to working to develop habitats and a project contracted at the wrong time of year due to delays can impact the expenditure profile.
37. Transition; There is a strong pipeline of projects at outline and full application to support delivery.
38. More Developed; As in PA4, a significant amount of this funding was linked to the SUD and the delays have impacted on the number of projects coming through. This reflects the delay in bringing projects forward. It will not fully meet the PF target for expenditure.

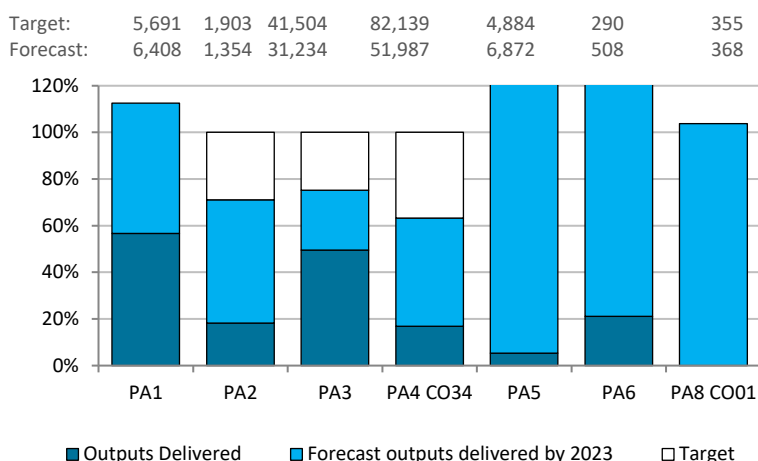
## PA7

39. Less Developed; Good progress has been made against the PF target with the projects contracted and in the pipeline are expected to achieve the PF target.

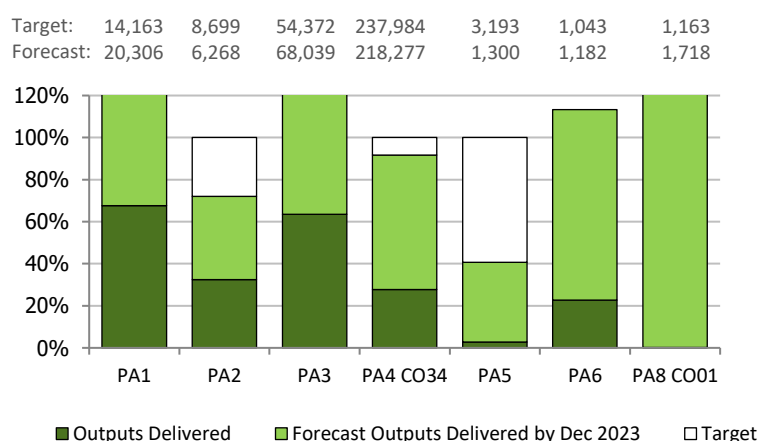
## **Forecast Delivery of Performance Framework Outputs as % of 2023 target by Priority Axis across each of the Category of Regions, from contracted projects**



### Transition Regions (TR)



### More Developed Region (MDR)



## PA1

40. Less Developed; Contracted outputs now stand at 160% of the target which is excellent progress and reflects the high levels of ERDF which have been contracted. Strong delivery - more than half (56%) of the contracted outputs have already been achieved.
41. Transition; Solid progress has been achieved with 112% of the output target achieved. 57% of the PF target has been achieved which is satisfactory at this stage of the programme.
42. More Developed; The outputs position is stronger with 143% of the target contracted. Actual outputs are in a strong position at this point in the programme with 68% of the target achieved.

## **PA2**

43. Less Developed; The LD COR is profiled to achieve 97% of the 2023 PF target when including activity currently being contracted. Output delivery continues to be steady and broadly on target. Outputs continue to be delivered to profile. As with the expenditure, close monitoring is needed to ensure output delivery is maximised.
44. Transition; Following the June 19 call a strong pipeline of C1 has been built showing 119%. Excluding outline stage applications, sufficient headroom exists to achieve the target in the T COR. Outputs continue to be delivered to profile. The pipeline has started to look more positive following the June call with activity now set to meet the PF targets with sufficient headroom for attrition. The non-performance outputs C5 (new enterprises supported) and P4 (additional businesses taking up superfast broadband) for 2023 will not to be achieved and this has been reported in the AIR.
45. More Developed; Following the June 19 call a strong pipeline of C1s has been built showing 110% of the MD CoR target. Early stage project delays and adaptation to take into account BDUK Gigabit grant availability resulted in slippage of outputs. Projects are now recovering and delivering to target. The non-performance outputs C5 (new enterprises supported) and P4 (additional businesses taking up superfast broadband) for 2023 will not to be achieved and this has been reported in the AIR.

## **PA3**

46. Less Developed; LD COR has already legally committed in excess of the 2023 non-financial PF target with 364% of C1s committed to date. LD COR has already exceeded their non-financial 2023 PF target.
47. Transition; Transition COR has legally committed 75% of its 2023 non-financial PF target and it is anticipated that it will exceed this target based on the current pipeline. Transition COR does appear to be slightly behind the other CORs but at this stage of the programme has achieved 50% of the 2023 non financial PF target and at this stage of the programme we anticipate will continue to progress positively
48. More Developed; MD COR has currently committed in excess of its 2023 non-financial PF target with 125% of C1s committed to date. It is anticipated that with the current pipeline of projects will continue to contribute significantly to this target. MD COR has made positive progress achieving 64% of the non-financial PF target

## **PA4**

49. Less Developed; There are number of potential outputs at outline and these will need to be reviewed once a decision has been made on which projects to progress.

As stated, Cornwall has a large number of energy projects and these can often deliver less greenhouse gas reductions than other interventions, but local renewable energy is a priority in Cornwall. The level of actual outputs needs to be reviewed.

- 50. Transition; The outputs are on track as there is still a significant number of projects at outline and full application. A similar issue with More Developed it can take time to realise the outputs.
- 51. More Developed; There is a high level of outputs contracted. There is clearly a lag in claiming the outputs partly due to the delay in bringing projects forward through the SUD calls but also a timing issue. Some large projects such as heat networks can only claim the outputs when the project is complete.

#### **PA5**

- 52. Less Developed; Less Developed is on track to meet the targets as once contracted the outputs are essentially fixed. The outputs are low as they generally can only be claimed fully once the scheme or parts of the flood scheme have been completed.
- 53. Transition; This is being significantly exceeded and will be delivered. There is a lag in achieving these as detailed in MD.
- 54. More Developed; Its unlikely that More Developed will meet the output target as the schemes that have been brought forward, while vital to protect SME's and property haven't got the intensity of SME's and property needed. This is low mainly due to the lag in being able to claim the outputs and also More Developed will not meet the Performance target hence lower numbers coming through.

#### **PA6**

- 55. Less Developed; This is comfortably being delivered mainly through one large project.
- 56. Transition; The output target should be delivered.
- 57. More Developed; The output target despite the reduced expenditure should be delivered.
- 58. In all CoR there is a delay in actuals coming through as the works need to be fully completed prior to claiming the output.

#### **PA7**

59. Less Developed C14a; Nil contracted to date - Major Project Application submitted to the EC and the application is in review with the EIB.

60. Less Developed P7; Target and actual 100% achieved.

### **PA8**

Please see CLLD report below

## **Programme call schedule**

61. Since June 2019, there have been no all Programme call windows. However, a series of independent calls have been launched. Five Sustainable Urban Development calls have been launched for the areas of Leeds City Region, D2N2, North East and Greater Birmingham and Solihull. In addition, two Intermediate Body calls have been launched for Cornwall and the Isles of Scilly. In total these calls had a value of £51,147,556. A number of these calls were extended regarding time duration to account for COVID-19 challenges.

## **Sustainable Urban Development (SUD)**

62. Overall performance across the nine SUD areas, to 31 March 2020:

	<b>£</b>	<b>% (SUD allocation)</b>
<b>ERDF contracted to live projects</b>	£204,635,304	71%
<b>Applications in the system</b>	£63,231,662	22%
<b>Balance remaining</b>	£21,639,100	7%
<b>Total SUD value</b>	£287,506,066	100%

63. The level of ERDF committed to live projects has increased to 71% of the SUD allocation since the last Growth Programme Board report (an increase of 4%). There is an EC regulatory requirement that at least 5% of the ERDF resources allocated at UK level are committed to SUD. Currently 79% of the 5% target has been achieved. This increases to 103% with pipeline applications (although there will inevitably be attrition).

64. SUD calls are open in four areas (North East, Greater Birmingham and Solihull, Leeds City Region, and Bristol) and close by the end of June. The table below shows a snapshot of progress by SUD area at 31<sup>st</sup> March. Application of the updated exchange rate shows that some areas are showing an over-commitment on paper.

SUD area	ERDF allocation	Live projects	% live	Pipeline			Available to commit
				outline application	full application + funding agreement	% live + pipeline	
Nottingham	£11,132,812	£2,818,520	25	£8,635,421	£0	103	-£321,129
Greater Birmingham and Solihull	£11,518,229	£0	0	£7,531,157	£717,085	72	£3,269,987
Greater Manchester	£23,860,455	£13,477,043	56	£0	£0	56	£10,383,412
Leeds City Region	£17,676,052	£8,015,899	45	£4,351,992	£698,195	74	£4,609,966
Liverpool City Region	£11,018,516	£10,608,255	96	£0	£340,388	99	£69,873
London	£180,753,522	£153,650,698	85	£0	£30,022,490	102	-£2,919,666
North East	£19,087,220	£6,797,511	36	£600,000	£7,572,821	78	£6,116,888
Sheffield City Region	£9,429,080	£9,267,378	98	£0	£0	98	£161,702
Bristol	£3,030,180	£0	0%	£1,904,583	£857,530	91	£268,067
	<b>£287,506,066</b>	<b>£204,635,304</b>	<b>71%</b>	<b>£23,023,153</b>	<b>£40,208,509</b>	<b>93%</b>	<b>£21,639,100</b>

65. This is headline data, and within areas' SUD allocations there are variances in the levels committed (or over-committed) within the different Priority Axes.

## Financial Instruments

66. To 31<sup>st</sup> March 2020, the ERDF programme had contracted eleven financial instruments (FI) worth £1,284.86m; comprising of £518.60m ERDF and £766.26m match funding. These are detailed in table 1 along with some data on delivery.

Project	FI Type and start date	Applicant	ERDF	Match	Total Investment	ERDF Draw down %	Total Invested %/(m)
Northern Powerhouse Investment Fund	Access to Finance (01/11/2016)	BEIS (BBB)	£140.4m	£261.6m	£402m	50%	41.8% (£168m)

( NPIF)				(EIB £183.65m)			
The North East Fund	Access to Finance (01/03/2018)	North Tyneside Council (for 7 LAs in NELEP area)	£58.5m	£81.5m  (EIB £60m)	£140m	50%	27% (£37.8m)
Greater Manchester Fund of Funds - Urban Development Fund	Urban Development & Energy Efficiency (22/11/2016)	Greater Manchester Combined Authority	£60m	£60m	£120m	25%	18.1% (£21.7m)
Midlands Engine Investment Fund	Access to Finance (28/04/2017)	BEIS (BBB)	£78.5m	£187.6m  (EIB £122.50m)	£266.1m	50%	25.5% (£67.8m)
Cornwall & Isles of Scilly Investment Fund	Access to Finance (01/01/2018)	BEIS (BBB)	£32m	£8m	£40m	25%	10.2% (£4.1m)
Mayor of London Energy Efficiency Fund	Urban Development & Energy Efficiency (01/06/2018)	GLA procuring Fund Managers	£43m	£43m	£86m	75%	46.6%  (£40.1m)
London SME Fund	Access to Finance (01/06/2018)	Funding London	£35m	£65m  (EIB £50m)	£100m	25%	6.9% (£6.9m)
Liverpool UDF	Urban Development Fund (01/04/2019)	Liverpool City Region	£25m	£18.2m	£43.2m	25% Oct'2019	n/a
Low Carbon Innovation Fund II	Access to Finance (01/04/2019)	Norfolk County Council	£11.2m	£11.36m	£22.56m	25% March 2020	n/a
Cheshire & Warrington UDF	Urban Development Fund (01/04/2019)	Cheshire East Council	£20m	£20m	£40m	25% March 2020	n/a

Lancashire UDF	Urban Development Fund (17/10/2019)	Lancashire County Council	£15m	£10m	£25m	25% March 2020	n/a
<b>Total Approved</b>			<b>£518.6m</b>	<b>£766.26</b>	<b>£1,284.86m</b>		

67. Three of these have made their first claim of ERDF, and three (The North East Fund, Midlands Engine Investment Fund, and the Mayor of London Energy Efficiency Fund) have made two and the Northern Powerhouse Investment Fund has made three. Overall, £191.7m ERDF has already been drawn down by FIs.

68. Both the Liverpool Urban Development Fund and the Low Carbon Innovation Fund II have now drawn-down their first tranche:

1. Liverpool Urban Development Fund – £6.25m ERDF
2. Low Carbon Innovation Fund II – £2.82m ERDF

69. The Cheshire & Warrington Urban Development Fund will draw-down their first tranche in May 2020 (ERDF £5m) and the Lancashire Urban Development Fund will draw-down in June 2020 (£3.75m ERDF)

## Community-Led Development (CLLD) Priority Axis 8

66. ERDF CLLD delivery has slowed as a result of COVID19 impact. ERDF contract managers are working with and considering requests from CLLD projects in response to the published ERDF Question and Answer flexibilities. CLLD Accountable Bodies have welcomed the flexibilities set out in the Q&A particularly in respect of outputs, claims payment and use of electronic signatures. Some CLLD projects are already looking creatively at how CLLD may support recovery – no definitive proposals have been made as yet.

67. The ERDF Managing Authority has been notified by Leeds City Council that the Leeds West CLLD project has been formally withdrawn - this is not unexpected. The MA and the Council are satisfied that every effort has been made and over some time to make the project work, however local engagement, demand and match funding constraints could not be overcome. The Accountable Body and MAs will share lessons learned.

## Compliance



68. As agreed all compliance visits ceased at the end of March. However, the team had ensured that the minimum coverage agreed with the Commission had been achieved in all parts of the programme. This should enable the annual control report to be approved with respect to compliance. The testing schedule for the rest of the year has been revised to enable minimum coverage to be reached when activity is resumed.

<b>ECPA year</b>	<b>Percentage tested at OTSV</b>	<b>LD tested %</b>	<b>T Tested %</b>	<b>MD tested %</b>
2019-2020	25%	32%	22%	24%

## **Cross cutting themes**

### **Sustainability**

69. The role of the Cross-Cutting theme has changed in recent years as there is a growing awareness of climate change and wider sustainability as consumers and customers demand higher level of environmental awareness from companies. This has been reflected in the ERDF programme with a substantial level of funding allocated to low carbon and the inclusion of resource efficiency in Priority 3.

70. Within Priority 3 the CCT has been particularly focused on supporting activity in the delivery of ERDF and not on the actual applicants delivering the support and has raised the profile of resource efficiency and the benefits it can bring to SME's. In PA 5 the use of CEEQUAL has been limited, as the Environment Agency's process incorporates a high level of sustainability in its appraisal and reducing additional costs and administration should also be the goal while maintaining a high level of sustainability.

### **Equality & Diversity**

71. The response to the COVID-19 crisis has created significant challenges affecting the way in which the European Structural and Investment Funds programmes are being delivered; MHCLG and DWP are committed to working flexibly and pragmatically to respond positively to the challenges we face but the ability to physically attend meetings is one of those impacts.

72. National Sub-Committee meetings were held on the 29 October 2019 and 17 February 2020. In response to the point raised at the September 2019 GPB (Action 1909/01) around Equality Data/Reporting and the layers of detail GPB are asking to consider reporting against, a sub-group was established to discuss and review what is, or is not, possible. An Action Point was raised to arrange a call to discuss the ERDF Equalities MI Data between interested parties. This took place on 16 December 2019 and at the 17 February 2020 National Sub-Committee it was reported that:

- ERDF MA has started providing some Equality and cross-cutting themed (CCT) data to GPB, confirming that projects are providing data which is being consolidated by the MA;
- It is recognised that Equality as a theme needs to be strengthened in ERDF; evaluations have been conducted with a view to identifying good practice. This will be used to inform future project-level evaluations and inform the development of a domestic successor programme.
- ERDF has also created several case studies, that could be developed into good practice.
- ERDF have openly stated that their aspect can be strengthened going forward; they have agreed that a marker needs to be put down for successor programmes to ensure greater consideration is given to integrating and evaluating the Equality theme.
- Local or devolved partnerships involve appropriate local Equality partners in the development and monitoring of local programmes. Local partners would additionally need to consider what management information, data collection and monitoring arrangements are implemented at local level to inform their local perspective.

73. Lessons Learnt and Future Funding; A meeting was arranged for March 2020 in Sheffield to discuss lessons learnt and how to inform future funding programmes greater incorporation of equality, unfortunately this has been postponed until further notice due to the COVID-19 crisis.

## **AUDIT - A127 progress**

74. The 2018 - 2019 Annual Assurance package was sent to the Commission on time with no adverse comment received. The Annual Control Report written by the Audit Authority provided a finalised error rate of 1.677%, below the Commission's 2% threshold. Two audits contributed significantly to the error rate

which somewhat distorts the overall picture. The ACR concluded that there were no systemic issues.

75. Lessons learned work has been undertaken, looking in depth at one of the audits which contributed heavily to the error rate and having regular conversations with the Audit Authority around issues such as the time taken to issue audit reports, how we manage joint submission to legal and the intensity of the systems audit schedule. A revised and reduced systems audit schedule has been issued recognising this experience and impact of COVID-19.



**Annex A. Financial Instruments**

Project	FI Type	Applicant	Start Date	Financial Completion Date	LEP's	Funds	Total Investment	Match
Northern Powerhouse Investment Fund (NPIF)	Access to Finance	BEIS (BBB)	1st November 2016	31st December 2023	Cheshire & Warrington, Cumbria, Lancashire, Liverpool, Greater Manchester, Humber, Tees Valley, Yorkshire, Sheffield & Leeds	Equity £50k - £2m. Debt £100k- £750k. Micro £25k-£100k	£402m (ERDF £140m)	EIB £183.65m, BBFSL £50m, BEIS £27.35m
The North East Fund	Access to Finance	North Tyneside Council (for 7 LAs in NELEP area)	1st March 2018	31st December 2023	North East	Debt, Equity & Mezzanine	£120m (ERDF £60m)	EIB £60m
Midlands Engine Investment Fund	Access to Finance	BEIS (BBB)	14th February 2017	31st December 2023	Black Country, Coventry & Warwickshire, Greater Birmingham & Solihull, The Marches, Stoke & Staffordshire, Worcestershire, D2N2, Greater Lincolnshire, Leicester & Leicestershire, SEMLEP	Equity £50k - £2m. Debt £100k- £1.5m. Small Business £25k-£150k. POC up to £750k	£266.1m (ERDF £78.5m)	EIB £122.5m, BBFSL £32.5m
Cornwall & Isles of Scilly Investment Fund	Access to Finance	BEIS (BBB)	1st March 2018	31st December 2023	Cornwall & Isles of Scilly	Equity £50k - £2m. Debt £25k- £1m.	£40m (ERDF £32m)	£3m (SME) & £5m Growing Places
London SME Fund	Access to Finance	SME Wholesale Finance London	1st June 2018	31st December 2023	London	Debt & Equity	£100m (ERDF £32m)	£65m (EIB £50m)
Low Carbon Innovation Fund II	Access to Finance	Norfolk County Council	1st April 2019	31st December 2023	New Anglia, Hertfordshire & Cambridgeshire & Peterborough	Equity £50k- £2m	£22.56m	£11.36m Private Sector Match
<b>Urban Development Funds</b>								
Mayor of London Energy Efficiency Fund	Urban Development & Energy Efficiency	Amber Fund Management	1st June 2018	31st May 2023	London	Debt & Equity	£86m (ERDF £43m)	EIB £43m
Greater Manchester Fund of Funds	Urban Development	Greater Manchester Combined Authority	1st November 2016	31st December 2023	Greater Manchester	Debt	£120m (ERDF £60m)	£60m
Cheshire & Warrington UDF	Urban Development	Cheshire East Council	1st July 2019	31st December 2023	Cheshire & Warrington	Debt	£40m (ERDF £20m)	£20m co-investment
Liverpool UDF	Urban Development	Liverpool City Region Combined Authority	1st April 2019	31st December 2023	Liverpool City Region	Debt	£43.2m (ERDF £25m)	Co-investment £16.8m, LCRCA £1.4m
Lancashire UDF	Urban Development	Lancashire County Council	17th October 2019	31st December 2023	Lancashire	Debt	£30m (ERDF £15m)	£15m co-investment



## ANNEX B. OVERALL DASHBOARD

