



ESI Funds Growth Programme Board
ERDF Programme Delivery

Purpose:

To advise the board on progress with European Regional Development Fund (ERDF) Programme delivery to 30th June 2020.

Recommendation(s):

That the Growth Programme Board note the current position.

Summary:

Currently, the overall sterling value of the Programme has been valued at £3,233m.

Overall Progress on Contracting; 872 projects (inc.11 financial instruments (FIs)) with ERDF of £2331m have been contracted. This represents 72% of the programme budget. This is an increase of 19 contracted projects (£75m ERDF) compared to the previous quarter.

There are 459 pipeline applications (inc.1 FI) with ERDF of £725m, excluding reserve applications (£62m). This pipeline is a further 22% of the programme budget. The decrease of 72 pipeline applications 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 94% of the programme budget. By Category of Region this is Less Developed 106%, Transition 93% and More Developed 96%.

Overall Progress – Expenditure; Cumulative claims paid by the Managing Authority (MA) to grant recipients total £1,178m ERDF, an increase of £131m from the previous quarter.

2023 Performance Framework Targets - Exp /Outputs; Steady progress is being made with the exception of PA6 expenditure (More Developed) which has been adversely affected by the number of projects coming through.

PA2 also needs close monitoring due to pipeline attrition.

N+3 2020 Target; On track. As at 30th June cumulative ECPAs are now valued at €1194m against the 2020 target of €1340m.

See Annex B for high level programme dashboard

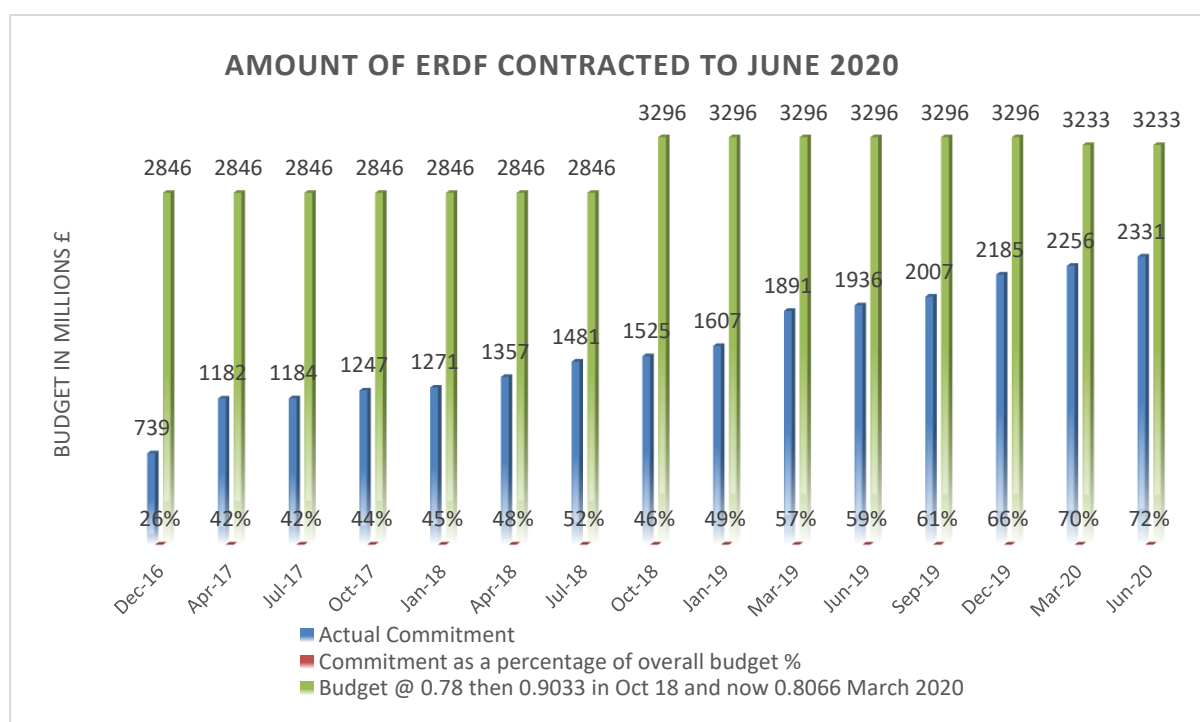
A programme modification has been approved by the EC to reflect new flexibilities made available as a result of Covid. As a result a new PA, 10 - Strategic Objective has been added to the programme : defined as Minimise enterprise deaths through the implementation of local economic COVID-19 recovery action plans The associated output is: CV33 - Entities supported in combating COVID-19 pandemic.

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 HMTs forecasts.
2. The ERDF+Match Programme (total eligible expenditure value is €6,572m.
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 the recent programme modification approval will be reflected in next quarter's reports
6. A new strategic objective has been added, following the submission and approval of a programme modification. This is as a result of addition flexibilities provided by the EC due to the corona virus impact on economies across Europe. PA 10 – Strategic Objective: defined as Minimise enterprise deaths through the implementation of local economic COVID-19 recovery action plans with the output CV33 - Entities supported in combating COVID-19 pandemic. Entities are the community areas that cover the covid action plans e.g. 1 entity = 1 community action plan

Programme Budget & Contracting

7. The chart shows the amount and % of ERDF that has been contracted over time to June 2020. There has been a significant increase in commitment compared to the same time last year, increasing from 59% to 72% of the programme value.
8. The contracting of projects has been a priority, with 459 applications currently in the system.



9. As at 30th June, 72% of the ERDF allocation (inc. FIs) has been contracted. By category of region this is Less Developed 78%, Transition 70% and More Developed 72%.

Category of Region	Allocation £m	Commitment £m (inc. FIs)	Commitment %	Commitment & Pipeline £m	Commitment & Pipeline %
Less Developed	£419	£328	78%	£443	106%
Transition	£965	£679	70%	£896	93%
More Developed	£1,850	£1,324	72%	£1,779	96%
Total	£3,233	£2,331	72%	£3,118	96%

10. The table shows the position including the pipeline with £62m of reserve applications predominantly in the LDR. Including the current pipeline LD is 106%, T is 93% and MD is 96% making an overall total of 96%.
11. Pipeline projects will progress through to commitment as applications are processed, currently 459 applications.
12. A level of attrition is expected for pipeline projects with the overall position being closely monitored to ensure full Programme Commitment.

N+3 Target

13. 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.
14. 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.
15. 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.
16. N+3 is only officially achieved when the certifying authority has submitted payment applications to the EC.
17. 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

N+3 2020	Less Developed	Transition	More Developed	Total
N+3 target for payment claims (€m)	€ 168	€ 396	€ 776	€ 1,340
Less				
Payment applications submitted to the Commission at relevant exchange rate	€ 195	€ 358	€ 641	€ 1,194
Current gap (€m)	€ 27	-€ 38	-€ 135	-€ 146

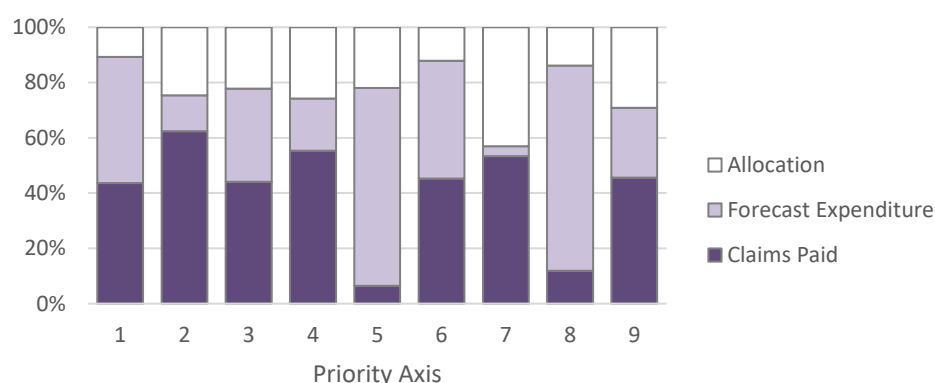
18. The CA submitted a further ECPA in May. As at 30th June cumulative ECPAs are now valued at €1194m or 89% of the N+3 2020 target. Subject to forex and some additional checks it is highly likely that the target will be achieved with the ECPA submission in September.

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

19. 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.

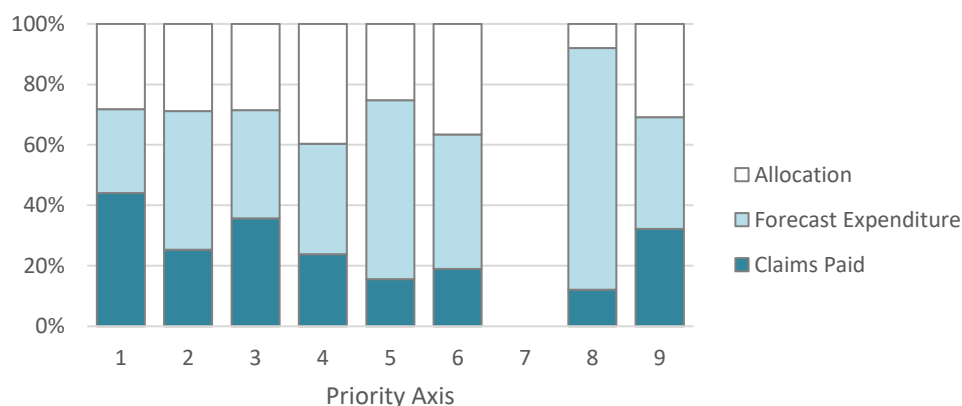
Less Developed Region (LDR)

	PA1	PA2	PA3	PA4	PA5	PA6	PA7	PA8	PA9	Grand Total
Performance Framework expenditure target	€ 91m	€ 19m	€ 172m	€ 76m	€ 12m	€ 13m	€ 58m	€ 11m	€ 18m	€ 471m
Forecast Expenditure to Q4 2023 (inc Fis)	€ 81m	€ 14m	€ 134m	€ 56m	€ 10m	€ 11m	€ 33m	€ 10m	€ 13m	€ 363m
Claims Paid	€ 40m	€ 12m	€ 76m	€ 42m	€ 1m	€ 6m	€ 31m	€ 1m	€ 8m	€ 217m

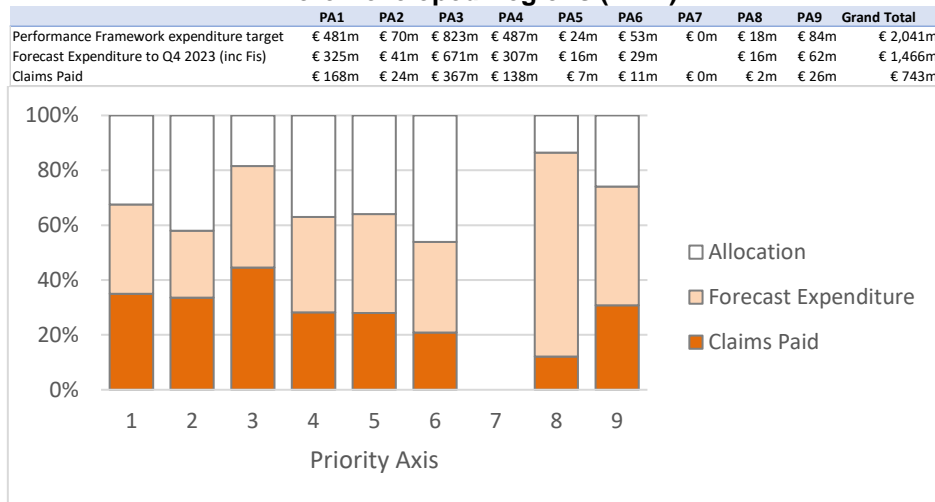


Transition Regions (T)

	PA1	PA2	PA3	PA4	PA5	PA6	PA7	PA8	PA9	Grand Total
Performance Framework expenditure target	€ 233m	€ 21m	€ 520m	€ 189m	€ 45m	€ 21m	€ 0m	€ 7m	€ 43m	€ 1,079m
Forecast Expenditure to Q4 2023 (inc Fis)	€ 167m	€ 15m	€ 372m	€ 114m	€ 33m	€ 14m	€ 0m	€ 6m	€ 30m	€ 751m
Claims Paid	€ 103m	€ 5m	€ 186m	€ 45m	€ 7m	€ 4m	€ 0m	€ 1m	€ 14m	€ 364m



More Developed Regions (MDR)



PA1

20. Less Developed: Excellent progress has been made in contracting the PA1 Less Developed ERDF allocation. 96% of the 2023 target has been reached and will increase further given the healthy pipeline of applications submitted. On expenditure, 43% of the target has been spent so far, which is reasonable progress at this point in the Programme. There are no areas of concern.
21. Transition: 81% of the 2023 target has been contracted which indicates good progress. The pipeline of applications in appraisal should ensure improvement towards meeting the target. Transition is the strongest of the CoRs in terms of expenditure achievement, with 51% of the target reached. This is satisfactory at this stage of the programme. No areas of concern.
22. More Developed: Progress in contracting is slow with only 71% of the target reached so far. Even if all the pipeline were to be contracted as well, full commitment would not be achieved, with 96% of the target forecast. MD is behind the other CoRs with 37% of the target actually spent, but there is a strong pipeline of claims which will improve the position. There has historically been a high degree of slippage in PA1 projects which is reflected in the slower progress in achieving expenditure targets, probably associated with delays in capital builds and difficulties in recruiting innovation experts by universities.
23. Among the projects recently contracted are the *Greater Manchester AI Foundry*. Manchester Metropolitan University has been awarded £3 million ERDF to support SMEs in the area to become innovation ready and to utilise artificial technologies to develop new products and services. The West Yorkshire Combined Authority has been awarded £2 million ERDF for the *Connecting Innovation* project which will support SMEs in Leeds with a specialist innovation brokerage service to help develop their innovation capacity.

PA2

24. Less Developed; Progress continues to be made against the LD 2023 PF target with the contracting of Superfast 3 now complete and pipeline set to achieve 106% 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.
25. Transition; Projects at all stages in the T CoR showed the potential for 95% commitment levels following the June 19 call, however pipeline attrition has reduced this to 88%. Of the 4 remaining pre-contract projects 3 are at Full Stage and are mature proposals and 1 is a PCR extension. Therefore, no further attrition is anticipated. Projects are continuing to deliver broadly to expenditure profiles and so the achievement of 88% expenditure is considered reasonable.
26. More Developed; Following the June 19 call, projects across all stages in the MD CoR showed a total of 96% against the allocation and this has remained steady. There are 8 mature projects at full stage, adaptations to consider BDUK Gigabit grant availability have been made to ensure complementarity. The pipeline therefore remains positive following the June call with activity now set to meet 96% of the PF targets. With the onset of COVID, the business benefits of ICT and the ability to work flexibly and exploit areas such as e-commerce has help maintain demand within the PA.

PA3

27. Less Developed; Positive progress for the LD COR continues to be made against the 2023 financial PF target with 90% of Total Eligible Expenditure legally committed. With €72m in the pipeline, which reflects an overachievement of 123% of the financial PF target. At this stage of the programme, positive progress continues to be made with 51% achieved against the 2023 financial PF target based on actual claims made to date.
28. Transition; The Transition COR has caught up in line with the other CORs, positive progress continues to be made against the 2023 financial PF target with 92% of Total Eligible Expenditure legally committed. With €239.7m in the pipeline, this reflects 119% committed to date against the financial PF target. At this stage of the programme, positive progress continues to be made with 48% achieved against the 2023 financial PF target based on actual claims made to date.
29. More Developed; Positive progress for the MD COR continues to be made against the 2023 Financial PF target with 92% of Total Eligible Expenditure legally committed. With €397.9m in the pipeline, this reflects 115% committed to date

against the financial PF target. At this stage of the programme, positive progress continues to be made with 50% achieved against the 2023 financial PF target based on actual claims made to date.

30. Overall for PA3 due to the impact of COVID 19, as anticipated we have observed a dip in project performance across the board, in particular those who are co-financed by the private sector or SME contributions (although it was noted that manufacturing type projects seem to remain buoyant with strong demand as manufacturers adapt to the COVID crisis). During this period, capital projects have had to cease project activity due to the lockdown. However, since mid-July work has started to resume on some of these projects, so we anticipate this activity will start to gain momentum. The majority of revenue projects are supported by public resources under PA3, still continue to be adopting a “business as usual” approach and adapting how they deliver business support in the current climate through virtual means, the majority of which are still maintaining. 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.

PA4

31. 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. The Eden project is the latest geothermal project to be agreed and will result in the site being able to heat the site from a renewable and sustainable source
32. Transition; The last call has seen a strong pipeline of projects coming through the appraisal process, which due to Covid 19 has been interrupted and only now are projects starting to be appraised.
33. More Developed; As with transition more developed has a strong pipeline with a number of continuation projects under 4b coming through . In Greater Manchester a £17 million renewable energy project has been approved that will deliver significant renewable energy to a number of the local authorities in the area.

PA5

34. 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.

35. 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.
36. 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

37. 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.
38. Transition; There is a strong pipeline of projects at outline and full application to support delivery.
39. 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

40. 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

Key to indicators:

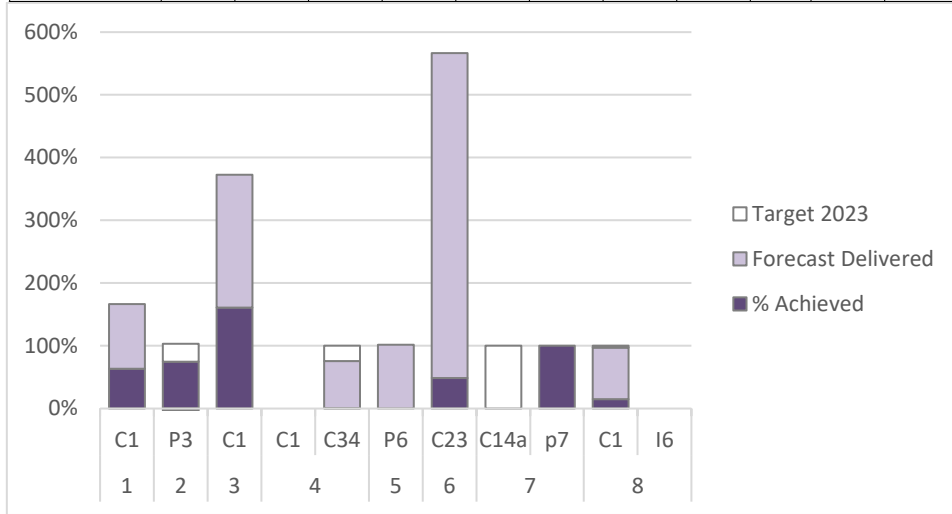
C1: No of enterprises receiving support; P3: Additional businesses with broadband access min 30Mbps; C34: Estimated GHG reductions P6: Business & properties with reduced flood risk;

C23: Surface area of habitats supported; C14a: Length of track reconstructed or upgraded roads; P7: Length of Railway with new/enhanced signalling

I6: No. of local development strategies in place

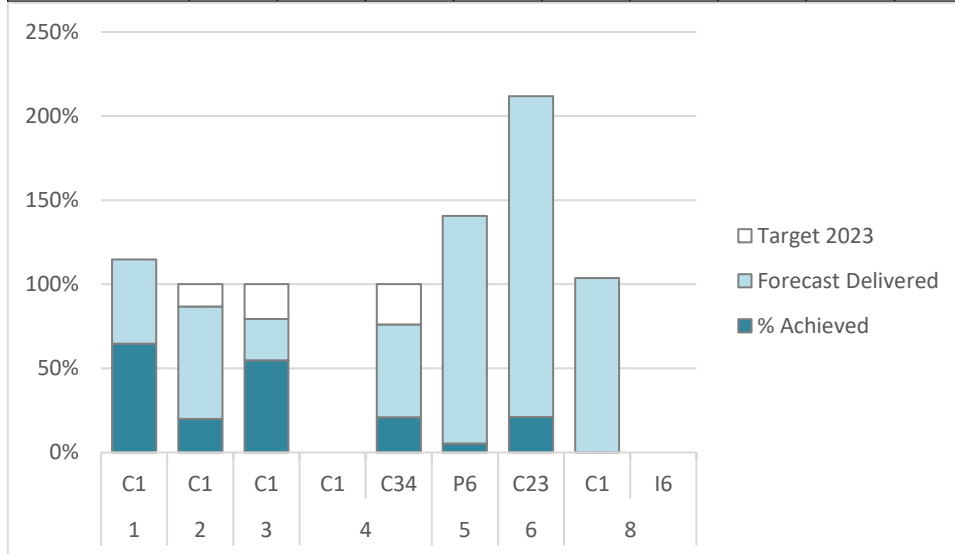
Less Developed Region (LDR)

Priority Axis	1	2	3	4	5	6	7	8	
Indicator Code	C1	P3	C1	C1	C34	P6	C23	C14a	p7
Sum of Target (2023)	559	2102	2118		23015	186	126	12.5	43
Achieved	354	1565	3406	418	159		61		43
Forecast Delivered	932	1500	7897	507	17403	189	714		43



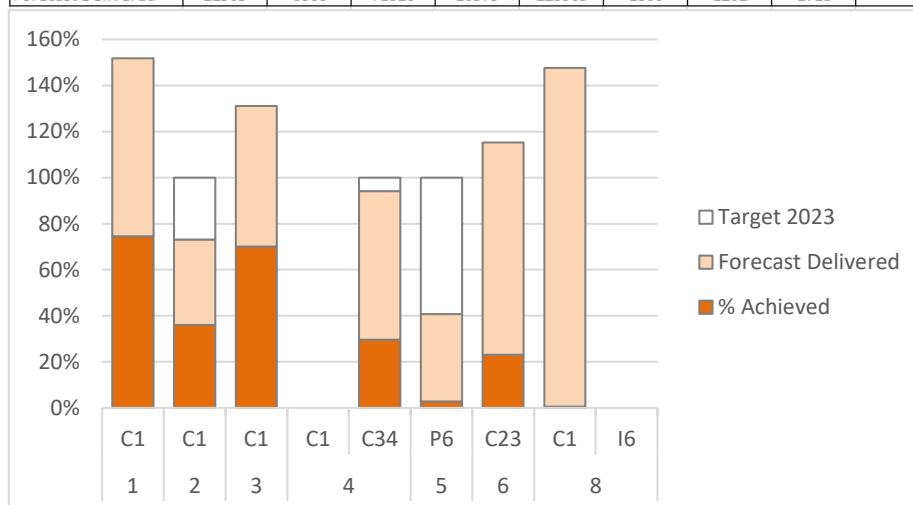
Transition Regions (TR)

Priority Axis	1	2	3	4	5	6	8	
Indicator Code	C1	C1	C1	C1	C34	P6	C23	C1
Sum of Target (2023)	5691	1903	41054		82139	4884	290	355
Achieved	3679	379	22524		1567	17233	263	61
Forecast Delivered	6535	1650	32581		4048	62581	6872	614



More Developed Region (MDR)

Priority Axis	1	2	3	4		5	6	8	
Indicator Code	C1	C1	C1	C1	C34	P6	C23	C1	I6
Sum of Target (2023)	14163	8699	54372		237984	3193	1043	1163	0
Achieved	10551	3133	38103	4171	70590	88	241	7	
Forecast Delivered	21505	6360	71316	10575	223905	1300	1202	1718	



PA1

41. Less Developed: Contracted outputs now stand at 167% of the 2023 PF target which is excellent progress and reflects the high levels of ERDF which have been contracted. Strong delivery with 63% of the contracted outputs already achieved.
42. Transition: Solid progress has been achieved with 115% of the output target contracted. 65% of the PF target has been achieved which is satisfactory at this stage of the programme.
43. More Developed: Despite the slow rates of contracting and expenditure, the outputs position is much stronger with 152% of the target contracted, and 74% achieved. This demonstrates good value for money and that once projects are up and running and innovation facilities come on stream, they are successful in attracting innovation SMEs.

PA2

44. Less Developed; The LD COR is profiled to achieve 71% of the 2023 PF target following the contracting of Superfast 3. Output delivery continues to be steady and above target. As with the expenditure, close monitoring is needed to ensure output delivery is maximised given that the reported actual outputs are exceeding the targeted figure (1,565 C1 reported against a contacted figure of 1,500)

45. Transition; Following the June 19 call a strong pipeline of C1 was achieved at 119%, however with pipeline attrition this has reduced to 93% but noting the high level of maturity of the 4 remaining pre-contracted projects, this figure should be realised. Outputs continue to be delivered to profile. 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.
46. More Developed; Following the June 19 call a strong pipeline of C1s has been built showing 109% of the MD CoR target with pre-contract projects at a high level of maturity. Early stage project delays and adaptation to take into account BDUK Gigabit grant availability resulted in slippage of outputs, but this is now recovering. The non-performance outputs C5 (new enterprises supported)

PA3

47. Less Developed; LD COR has already legally committed in excess of the 2023 non-financial PF target with 373% of C1s committed to date. LD COR has already exceeded their non-financial 2023 PF target.
48. Transition; Transition COR has legally committed 79% of its 2023 non-financial PF target and it is anticipated that it will exceed this target based on the amount estimated in the current pipeline and unallocated ERDF we have yet to commit. Transition COR does appear to be slightly behind compare to the other CORs, the programme has achieved 55% of the 2023 non financial PF target and at this stage of the programme we anticipate will continue to progress positively.
49. More Developed; MD COR has currently committed in excess of its 2023 non-financial PF target with 131% 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 continues to make positive progress achieving 70% of the non-financial PF target.
50. Similar to the position on expenditure above, performance has dipped across the programme as well as Grant Recipients having to accommodate managing and monitoring their projects remotely and moving towards more of an electronic based approach of accounting outputs (which has meant that some outputs have not been reported in full as yet). In addition, Grant Recipients have reported an increase in supporting the volume of SMEs in response to COVID 19 but they're not necessarily hitting the necessary 12 minimum hours threshold in order for these to be recorded as a C1. The Managing Authority have asked Grant

Recipients to report the total number of SMEs supported within their Progress Monitoring Reports and we will continue to monitor this (the data of which will also be accounted for through their quarterly summative assessment returns).

PA4

- 51. Less Developed; The greenhouse gas reductions target should be achieved as the pipeline of projects is demonstrating strong outputs. This is strengthened as the projects in the pipeline are energy projects which through agreed methodologies will deliver what they say at the full application.
- 52. 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.
- 53. More Developed; There is a high level of outputs contracted and with through the last call there is a strong pipeline of outputs which should ensure the 2023 target is comfortable delivered

PA5

- 54. 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.
- 55. Transition; This is being significantly exceeded and will be delivered. There is a lag in achieving these as detailed in MD.
- 56. 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

- 57. Less Developed; This is comfortably being delivered mainly through one large project.
- 58. Transition; The output target should be delivered.

59. More Developed; The output target despite the reduced expenditure should be delivered.

60. 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

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

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

PA8

Please see CLLD report below

Programme call schedule

63. Since June 2019, there have been no all Programme call windows. A number of independent calls have taken place - five for Sustainable Urban Development and two Intermediate Body calls for Cornwall and the Isles of Scilly. All of these calls have now closed. Regarding future calls, it was confirmed in June 2020 that the planned England-wide Reserve Fund calls would no longer be going ahead. MHCLG is reviewing plans for utilising remaining unallocated ERDF funding including the mechanisms by which we bring these to fruition. Further details will be provided once confirmed.

Sustainable Urban Development (SUD)

Overall performance across the nine SUD areas, to 30 June 2020:

ERDF contracted to live projects	£212,060,000	72%
Applications in the system	£77,470,000	26%
Balance remaining	£3,720,000	1%
Total SUD value	£293,250,000	100%

64. The level of ERDF committed to live projects has increased to 72% of the SUD allocation since the last Growth Programme Board report (an increase of 1%). There is an EC regulatory requirement that at least 5% of the ERDF resources allocated at UK level are committed to SUD. Currently 78% of the 5% target has been achieved. This increases to 106% with pipeline applications (although there will inevitably be attrition). Progress has been slower this quarter because of the inevitable impact of COVID-19 on staff resourcing to progress applications through the appraisal process.
65. Four SUD calls closed on 30th June (for North East, Greater Birmingham and Solihull, Leeds City Region, and Bristol). As this was the cut-off date for this data, the latest Outline Application data (in addition to any new Full Application data) will be reflected in next quarter's figures. It is noticeable that the level of funding available to commit is £3.72m, down from £21m last quarter, thanks to the interest in the calls.
66. Currently Sheffield has committed its allocation in full. Liverpool has completed its SUD activity. Nottingham, Greater Manchester and London are working through applications in the system, and are forecasting near-full commitment.

SUD area	ERDF allocation	Live projects	outline application	full application + funding agreement	Available to commit
Nottingham	£11.35m	£2.82m	£8.16	£0	£0.37m
Greater Birmingham and Solihull	£11.74m	£0m	£7.53m	£1.96m	£2.25m
Greater Manchester	£24.33m	£13.48m	£0	£10.08m	£0.77m
Leeds City Region	£18.02m	£8.02m	£8.98m	£2.72m	-£1.69m

Liverpool City Region	£11.23m	£10.61m	£0	£0	£0.63m
London	£184.28m	£154.69m	£0	£29.03m	£0.560m
North East	£19.50m	£10.68	£4.60m	£3.70m	£0.520m
Sheffield City Region	£9.71m	£9.71m	£0	£0	£0m
Bristol	£3.09m	£2.06m	£0.70m	£1.2m	£0.33m
	£293.25m	£212.06m	£29.97m	£47.50m	£3.72m

Financial Instruments

67. To 30th June 2020, the ERDF programme had contracted eleven financial instruments (FI) worth £1,269.86m; comprising of £517.50m ERDF and £752.36m match funding. These are detailed in annex A.

68. The table below details what has been achieved with regards to outputs and expenditure to the end of June 2020. The drawdown status for each fund is also included.

Project	Invested End June 20	Private Sector Leverage	Outputs End June 20	Drawdown Status
Access to Finance Funds				
Northern Powerhouse Investment Fund (NPIF)	£192,086,849	£172,348,158	Investments made - 668 Jobs Created - 2,621 New Enterprises - 77 New Product to Firm - 167 New Product to Market - 124 Non Financial Support - 668	NPIF has drawn down three tranches equating to £105.2m ERDF. The fourth drawdown is scheduled for October 2020
The North East Fund	£38,287,900	£23,945,557	Investments made - 233 Jobs Created - 121 New Enterprises - 91 New Product to Firm - 14 New Product to Market - 1	The fund has drawn down two tranches Total ERDF value drawn to date is £29.250m.
Midlands Engine Investment Fund (MEIF)	£74,378,145	£51,411,878	Investments Made - 294 Jobs Created - 655 New Enterprises - 64 New Product to Firm - 58 New Product to Market - 50 Non Financial Support - 167	MEIF has drawn down three tranches. ERDF value £58.9m.
Low Carbon Innovation Fund II	£500,000	£0	Investments Made - 1	The fund has drawdown one tranche of funding which equates to £2.821m. The second drawdown will be in Q1 2021.
Cornwall & Isles of Scilly Investment Fund (CloSIF)	£5,162,023	£3,829,262	Investments Made - 22 Jobs Created - 82 New Enterprises - 3 New Product to Firm - 1 New Product to Market - 1	CloSIF has drawn down the first tranche of ERDF funding (ERDF £8m). The second tranche will be drawdown in Q1 2021.
London SME Fund (GLIF)	£12,303,000	£47,962,379	Investments Made - 23 Jobs Created - 107 New Enterprises - 8	The fund has drawn down one tranche (ERDF £8m). The second tranche is scheduled for August 2020.
Urban Development Funds				
Mayor of London Energy Efficiency Fund (MEEF)	£31,837,306	N/a	Investment made - 4 GHD Reduction - 9,624 Decrease energy consumption - 13,450,810	MEEF has drawn down three tranches. The fourth tranche will be drawn by the end of August 2020.
Greater Manchester Fund of Funds Liverpool UDF	£53,680,000	£0		The fund has drawdown two tranches (£30m ERDF).
Liverpool City Region Urban Development Fund Liverpool UDF	£0	£0		First tranche was drawdown in Q1 2020 at an ERDF value of £6.25m
Cheshire & Warrington Urban Development Fund Liverpool UDF	£0	£0		First tranche was drawdown in Q2 2020 at an ERDF value of £5m
Lancashire Urban Development Fund Liverpool UDF	£0	£0		Procurement of the Fund Manager will be completed in November 2020. First drawdown will be in January 2021.

69. To date funds are performing well in terms of outputs and we have no concerns with any of them achieving at a minimum what has been contracted.

70. All funds apart from the Lancashire UDF have drawdown at least one tranche of funding. Total amount drawn by FI's to the end of June 2020 is £285.671m.

69. Since the outbreak of COVID-19, our access to finance FIs are stepping up to the challenge of supporting businesses during this difficult time.

The micro fund and debt fund managers on NPIF and MEIF are now accredited lenders under CBILS and to date they have seen 3x increase in the number of enquiries from both new and existing businesses.

For the North East fund NEL have secured CBILS accreditation for loans up to £250k which is having a positive impact on transactions for the Growth Capital and Small Loan Funds.

London's Access to Finance fund debt fund managers, The FSE Group, has also received CBILS accreditation.

Other fund managers from the other funds have applied for CBILS accreditation and we will provide an update at the next meeting.

As a result, fund managers are seeing clients approach them after an unsuccessful CBILS bank application due to the bank's lending criteria; so are addressing a market gap. It is expected the level of investment will increase over the coming months and CBILS provides the funds a government-backed partial guarantee against the outstanding balance of the facility.

70. In addition to the loan schemes, the Future Fund is a COVID-19 measure providing government loans to UK-based companies ranging from £125,000 to £5 million, subject to at least equal match funding from private investors.

These convertible loans may be a further financing option for businesses that rely on equity investment and are unable to access other government business support programmes because they are either pre-revenue or pre-profit. This scheme is being delivered by BBB and a number of our FIs that draw on EIB private match are eligible - so where businesses meets the eligibility criteria the Future Fund can be used to provide further financing options.

Community-Led Development (CLLD) Priority Axis 8

71. ERDF contract managers continue to work with CLLD projects where COVID 19 ERDF flexibilities are being explored. It is too early to fully assess the impact of COVID 19 on CLLD delivery. Some CLLD projects report slowed engagement,

others have made adaptations to the way in which they deliver activity to continue to support SMEs/localities during this difficult time.

72. The ERDF Managing Authority has arranged a virtual National CLLD Practitioners Network meeting which will be held on 20 August via Teams. This will provide an opportunity for CLLD accountable bodies to share experiences from these past few months and learn from the experience of CLLD projects across the country.

Compliance

73. 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.

Compliance is currently developing a methodology which should enable most visits to take place remotely when they resume in September.

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

Cross cutting themes

Sustainability

74. 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.
75. 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

76. The response to the COVID-19 crisis continues to present 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.
77. DWP have updated the equality mainstreaming report that was originally submitted back in November 2019 the revised version has the complete set of 2019 equality data. The draft report is currently being quality assured by the ESF evaluation team once this has been done the report will be send it out to the national subcommittee for their written approval and then send to Marc Vermyle in the Commission. Regardless of the ability for the subcommittee to meet, there is a need to revisit the mainstreaming plan and update it at some stage this year. DWP have extending the offer of ERDF staff accessing the equalities training, which will be delivered on line, dates to be advised.
78. It is a lesson learnt that Equality as a theme needed to have a more clearly defined approach and metrics early on in delivery, linked through all stages from application to evaluation. The current case studies provide a wealth of best practice that can be drawn on to inform future project-level evaluations and a platform to inform the development of a domestic successor programme. Any further action is based upon the capability/resources available, subject to staff returning from RED, to collate information from and increase the current library of case studies. The proposed Lessons Learnt and Future Funding meeting arranged for March 2020 is still abeyance until further notice due to the COVID-19 crisis; DWP are to advise a date for this and the next sub-committee.

AUDIT update

79. Work continues on A127 visits being carried out remotely by GIAA. To date we have received 17 of 58 reports and GDTs are working through clearing the recommendations.

80. A number of systems audits are in progress and we have received draft reports for 2 of these. The MA is working through these to close down recommendations, whilst responding to queries on live systems audits. The MA is also working with GIAA and the CA to agree a timetable for the Annual Assurance work. This is a complex piece of work that requires significant resource and will be very difficult to deliver by the deadline of mid February this year, given the impact that Covid has had on the audit timetable.



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
Urban Development Funds								
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



European Union

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