



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 September 2020.

Recommendation(s):

That the Growth Programme Board note the current position.

Summary:

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

Overall Progress on Contracting; 914 projects (inc.11 financial instruments (FIs)) with ERDF of £2494m have been contracted. This represents 77% of the programme budget. This is an increase of 42 contracted projects (£163m ERDF) compared to the previous quarter.

There are 403 pipeline applications with ERDF of £653m, excluding reserve applications (£28m). This pipeline is a further 22% of the programme budget. The decrease of 56 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.

Breakdown of pipeline applications :

- Project continuations - £146m (147)
- GFA's in development - £94m (53)
- Full Applications/invited to - £388m (190)
- Outline applications (pending ESIF decisions) - £29m (13)

Adding contracted projects with those in the pipeline, represents 97% of the programme budget.

Overall Progress – Expenditure; Cumulative claims paid by the Managing Authority (MA) to grant recipients total £1,288m ERDF, an increase of £110m from the previous quarter.

2023 Performance Framework (PF) Targets - Exp /Outputs; Steady progress is being made. Some areas are on a watch list. 21/23 expenditure targets are *contracted*

above the minimum threshold(65%) . For PF outputs, all regions have contracted sufficient projects to achieved the minimum threshold except PA5 MDR and PA7 LDR

N+3 2020 Target; Achieved and exceeded. As at 30th September cumulative ECPAs are now valued at €1532m against the 2020 target of €1340m.

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.

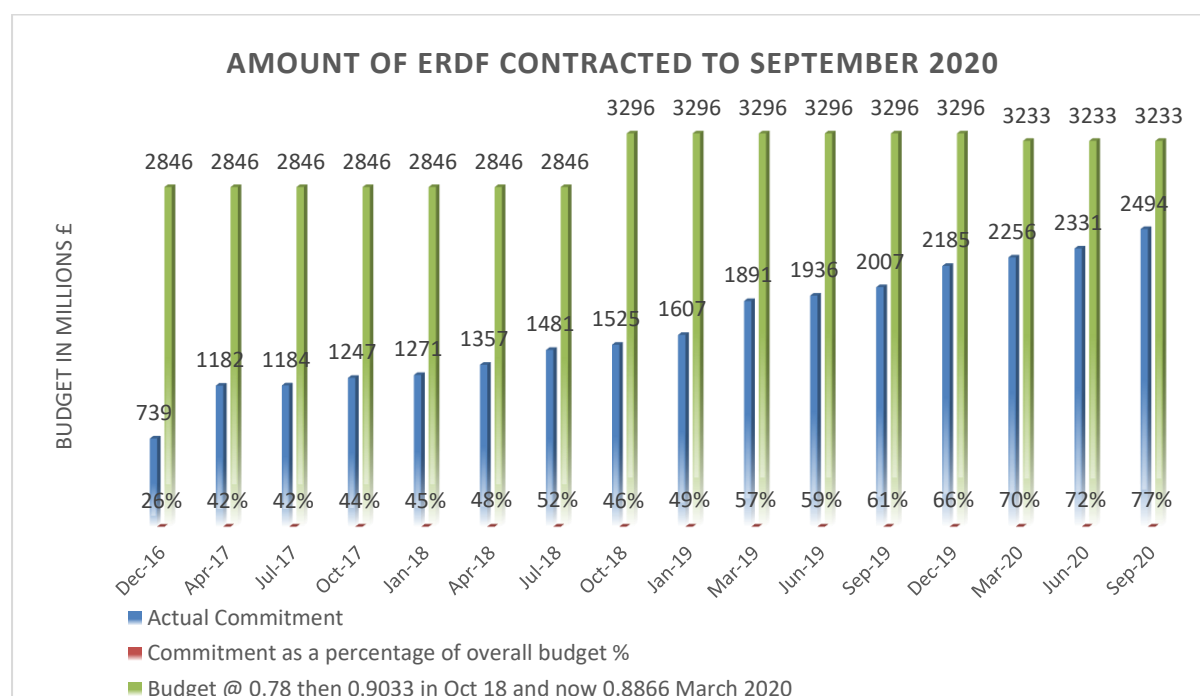
Programme Value and Targets

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 usually on CoR Intervention rates). Until June' 21 the programme is taking up the flexibility offered by the EC, in its response to covid -19, by claim reimbursement at 100%. This supports the achievement of N+3 targets.
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 recent approved programme modification by the EC to reflect new flexibilities made available as a result of Covid.

Programme Budget & Contracting

6. The chart shows the amount and % of ERDF that has been contracted over time to September 2020. There has been a significant increase in commitment compared to the same time last year, increasing from 61% to 77% of the programme value.

7. The contracting of projects has been a priority, with 403 applications currently in the system.



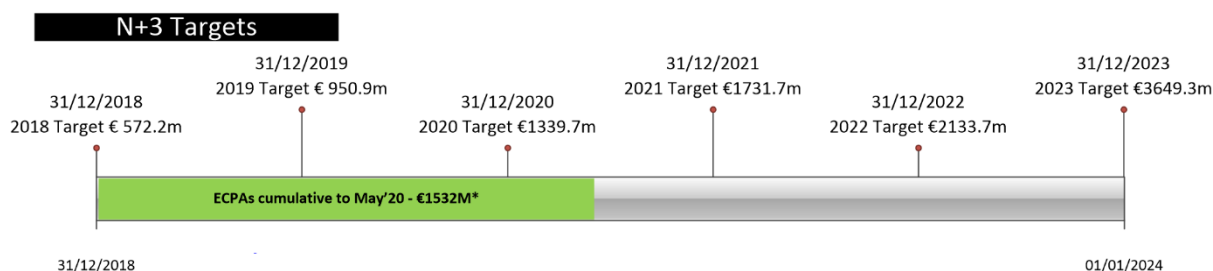
8. As at 30th September, 77% of the ERDF allocation (inc. Finance Instruments) has been contracted. By category of region this is Less Developed 80%, Transition 76% and More Developed 77%.

Category of Region	Allocation	Commitment £m (inc.Fis)	Commitment %	Commitment & Pipeline	Commitment & Pipeline %
Less Developed	£419	£335	80%	£388	93%
Transition	£965	£736	76%	£909	94%
More Developed	£1,850	£1,422	77%	£1,849	100%
	£3,233	£2,494	77%	£3,146	97%

9. The table also shows the pipeline (excluding reserve projects). Commitment and pipeline in LD is 93%, T is 94% and MD is 100% making an overall total of 97%.
10. Pipeline projects will progress through to commitment as applications are processed, currently 403 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
17. N+3 2020 target, official achievement stands at **114%** with the September ECPA submission.

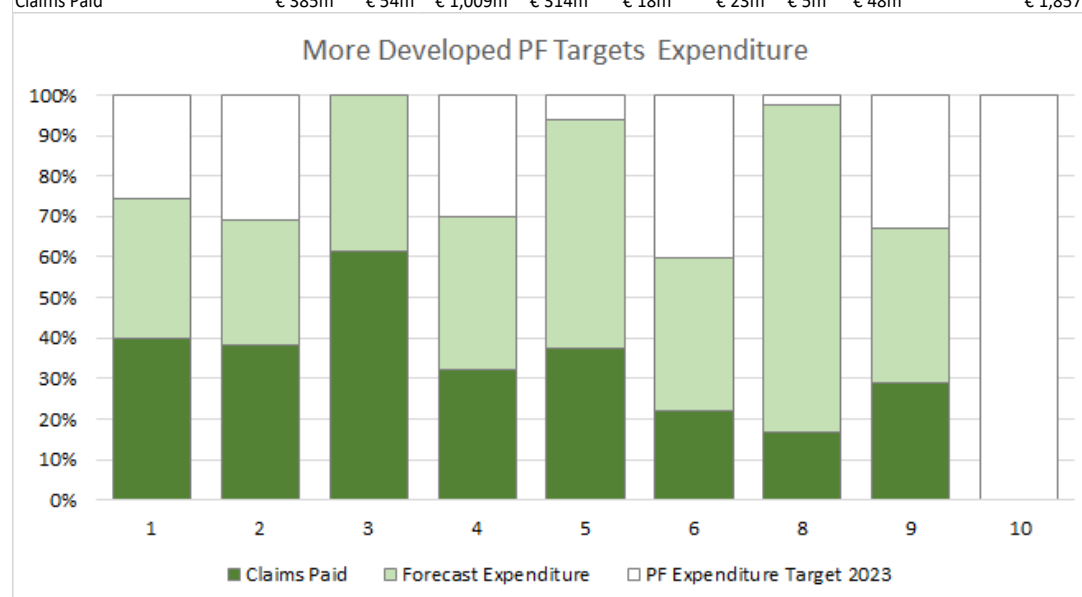


18. We are currently forecasting the December ECPA to be c.£227m. (€252m) , subject to checks, which would mean achieving 131% of the annual target. The flexibility offered by the EC in claiming ECPAs at 100% in 20/21 has helped.

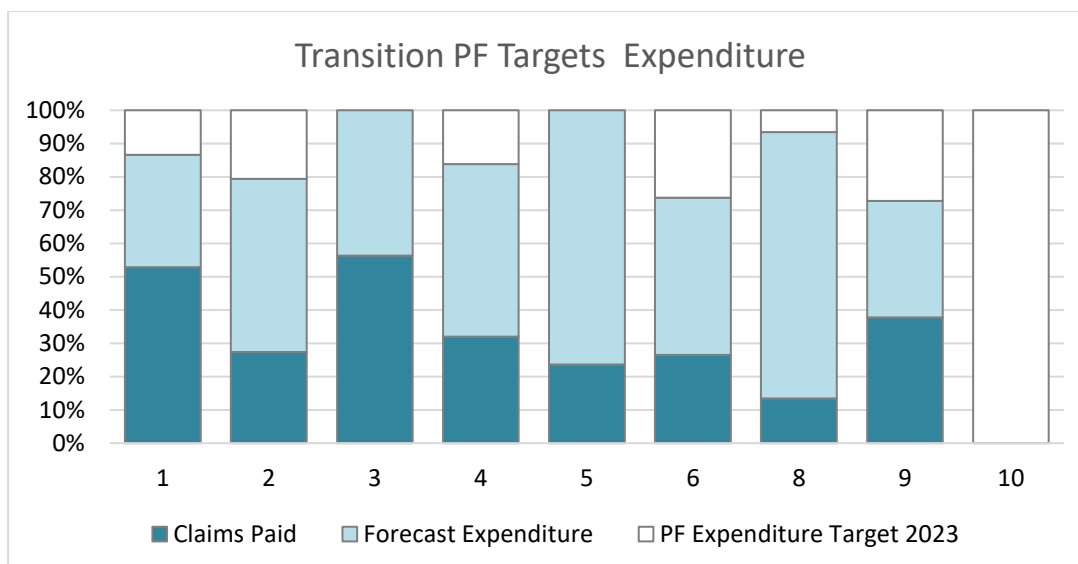
2023 PF Expenditure targets including paid claims (€m) by Priority Axis across each of the Category of Regions from *contracted* projects

19. Contracting progress by Category of Region is steady on all the Priorities, and with the exception of PA6 MD all Priorities have now contracted over 65% of their allocation. PA10 has now been included and whilst not contracted as at the end September will be wholly contracted in October.

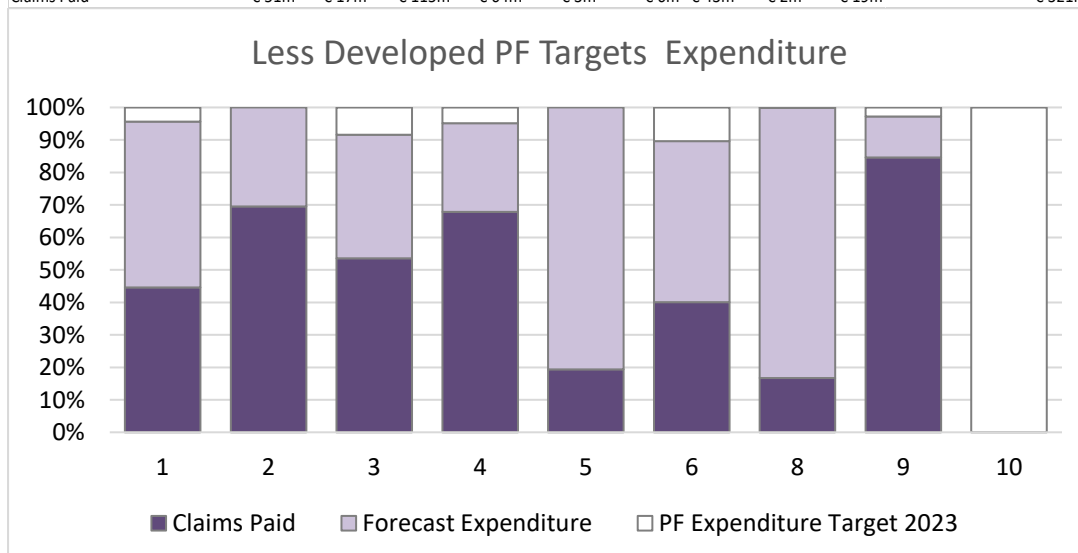
	PA1	PA2	PA3	PA4	PA5	PA6	PA8	PA9	10	Grand Total
PF Expenditure Target 2023	€ 962m	€ 141m	€ 1,646m	€ 974m	€ 49m	€ 106m	€ 30m	€ 168m	€ 46m	€ 4,123m
Forecast Expenditure	€ 715m	€ 97m	€ 1,751m	€ 681m	€ 46m	€ 63m	€ 30m	€ 113m		€ 3,495m
Claims Paid	€ 385m	€ 54m	€ 1,009m	€ 314m	€ 18m	€ 23m	€ 5m	€ 48m		€ 1,857m



	PA1	PA2	PA3	PA4	PA5	PA6	PA8	PA9	PA10	Grand Total
PF Expenditure Target 2023	€ 388m	€ 36m	€ 867m	€ 316m	€ 74m	€ 36m	€ 9m	€ 71m	€ 11m	€ 1,808m
Forecast Expenditure	€ 336m	€ 28m	€ 875m	€ 265m	€ 76m	€ 26m	€ 9m	€ 52m		€ 1,667m
Claims Paid	€ 205m	€ 10m	€ 488m	€ 101m	€ 18m	€ 9m	€ 1m	€ 27m		€ 860m



	PA1	PA2	PA3	PA4	PA5	PA6	PA7	PA8	PA9	PA10	Grand Total
PF Expenditure Target 2023	€ 114m	€ 24m	€ 215m	€ 95m	€ 16m	€ 16m	€ 72m	€ 13m	€ 23m	€ 1m	€ 588m
Forecast Expenditure	€ 109m	€ 25m	€ 197m	€ 90m	€ 20m	€ 14m	€ 47m	€ 13m	€ 22m		€ 538m
Claims Paid	€ 51m	€ 17m	€ 115m	€ 64m	€ 3m	€ 6m	€ 43m	€ 2m	€ 19m		€ 321m



PA1

20. Less Developed: Excellent progress has been made in contracting the PA1 Less Developed ERDF allocation. 96% of the 2023 Performance Framework target has been reached and given the healthy pipeline of applications it is expected that the allocation will be fully contracted. On claims paid, 45% 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: 87% of the 2023 target has been contracted which indicates good progress. The pipeline of applications in appraisal is sufficient to ensure that the target can be met. Transition is the strongest of the CoRs in terms of expenditure

achievement, with 53% 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 74% of the target reached so far. Even if all the pipeline were to be contracted as well, full commitment would not be achieved, with 95% of the target forecast. MD is behind the other CoRs with 40% of the target reached in terms of paid claims, but there are €23m of claims currently being processed which will help 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. This situation may worsen in the current climate as SMEs focus on survival rather than investing in long term R&D programmes.
23. Examples of projects recently contracted include *Aerospace Unlocking Potential*. Nottingham University has been awarded £10.5 million ERDF to deliver activity in several LEP areas across the Midlands. The support will be aimed at smaller SMEs who struggle to have their innovative ideas heard by potential customers in the complex aerospace industry supply chain. Another example is *Formulated Materials for Infectious Disease Prevention*. The Liverpool School of Tropical Medicine has been awarded £3m ERDF and will engage with up to 300 SMEs to help them overcome the barriers to product development in the formulation of infectious disease therapeutics. The SMEs will be linked with R&D at the School and at Liverpool University to drive up productivity.

PA2

24. Less Developed; Progress continues to be made against the LD 2023 PF target with the contracting of Superfast 3 now complete. The Provision of Superfast Satellite terminals project is struggling to find businesses willing to connect with Satellite technology (businesses want to wait for fibre) and the Superfast 3 contract has not found a contractor to deliver the additional broadband infrastructure envisaged by the application. We are currently waiting for responses from both projects detailing their proposals for completing their objectives & we will review how this impacts ERDF investment. The Superfast 3 project is likely to return funds to the priority, but we do not know the level at this point.
25. Transition; Projects at all stages in the T CoR showed the potential for 108% commitment levels following the June 19 call, however this is being managed down as part of the appraisal process. 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 98% 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. Of the 8 mature projects previously at full stage, 4 are approved and being contracted and 4 live. 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 helped 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 92% of Total Eligible Expenditure legally committed. With €58m in the pipeline, this reflects an overachievement of 118% of the financial PF target. At this stage of the programme, positive progress continues to be made with 53% 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 101% of Total Eligible Expenditure legally committed. With €189m in the pipeline, this reflects 123% committed to date against the financial PF target. At this stage of the programme, positive progress continues to be made with 56% 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 106% of Total Eligible Expenditure legally committed. With €282m in the pipeline, this reflects 123% committed to date against the financial PF target. At this stage of the programme, positive progress continues to be made with 61% 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, we continue to observe 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) and capital projects, have been able to resume work on site. The majority of revenue projects, which are supported by public resources under PA3, are still continuing to adopt a “business as usual” approach and have adapted their business support delivery through virtual means. Both the £10m for kickstarting the visitor economy and the £20m for business support for the wider economy has been contracted with 32 ERDF projects delivering across all 38 LEP areas.

PA4

31. Less Developed; PA4 in Cornwall has shown a strong pipeline of projects and the last call continued this theme with interest exceeding the available budget. Several projects are now under consideration, with the Eden deep geothermal project being the most recent to be contracted. COVID restrictions have impacted both the development of the project pipeline and delivery on some projects. This may, in turn, delay the achievement of some outputs.
32. Transition; The strong pipeline of projects has demonstrated a high demand for low carbon support. A whole place low carbon solution in Barrow in Furness, Cumbria, is delivering innovative community engagement in low carbon, through a local and community-based arts company.
33. More Developed; The last call has seen a strong pipeline of projects coming through, with the project's requests exceeding the available budget. PA4 supports a number of resource efficiency projects and a number of extensions are being processed through project change requests the appraisal process.

PA5

34. Less Developed; Cornwall and the Isles of Scilly will utilise the available budget as the remaining funding will be used to undertake natural flood defence work in the Isles of Scilly; strengthening the natural sand dune systems will protect the island and in part its natural fresh water supply from intrusion by the sea.
35. Transition; The Number of projects within transition is healthy and the North West has seen a number of significant investments in Kendal, Lancaster and Preston, with the latter unlocking the opportunity to deliver a whole River Ribble catchment approach, which without ERDF couldn't have been brought forward
36. More Developed; Leeds City Region has brought forward a number of flood protection projects along the River Calder and Aire, putting in place defences in places such as Hebden Bridge and Mytholmroyd which have a history of flooding.

PA6

37. Less Developed; A recent Project Change Request exercise, supported by the Intermediate body, is seeking to allocate remaining Priority 6 funds across 3 contracted projects, which would allocate 99.9% of LDR PA6 funds. 1 of these has received approval with the second and third currently under assessment.
38. Transition; There is a strong pipeline of projects at outline and full application to support delivery. The [Sunrise project](#) in Stoke on Trent has completed a milestone in creating a natural channel for the River Trent, creating a natural corridor for wildlife in the heart of the city
39. More Developed; Progress has been made in bringing forward projects however the full allocation will not be utilised in More Developed. Urban Greening in

Cheltenham, Tewksbury and Gloucester are developing area-based wildlife corridors, improving green space for people while creating habitats for wildlife to move around within the urban areas

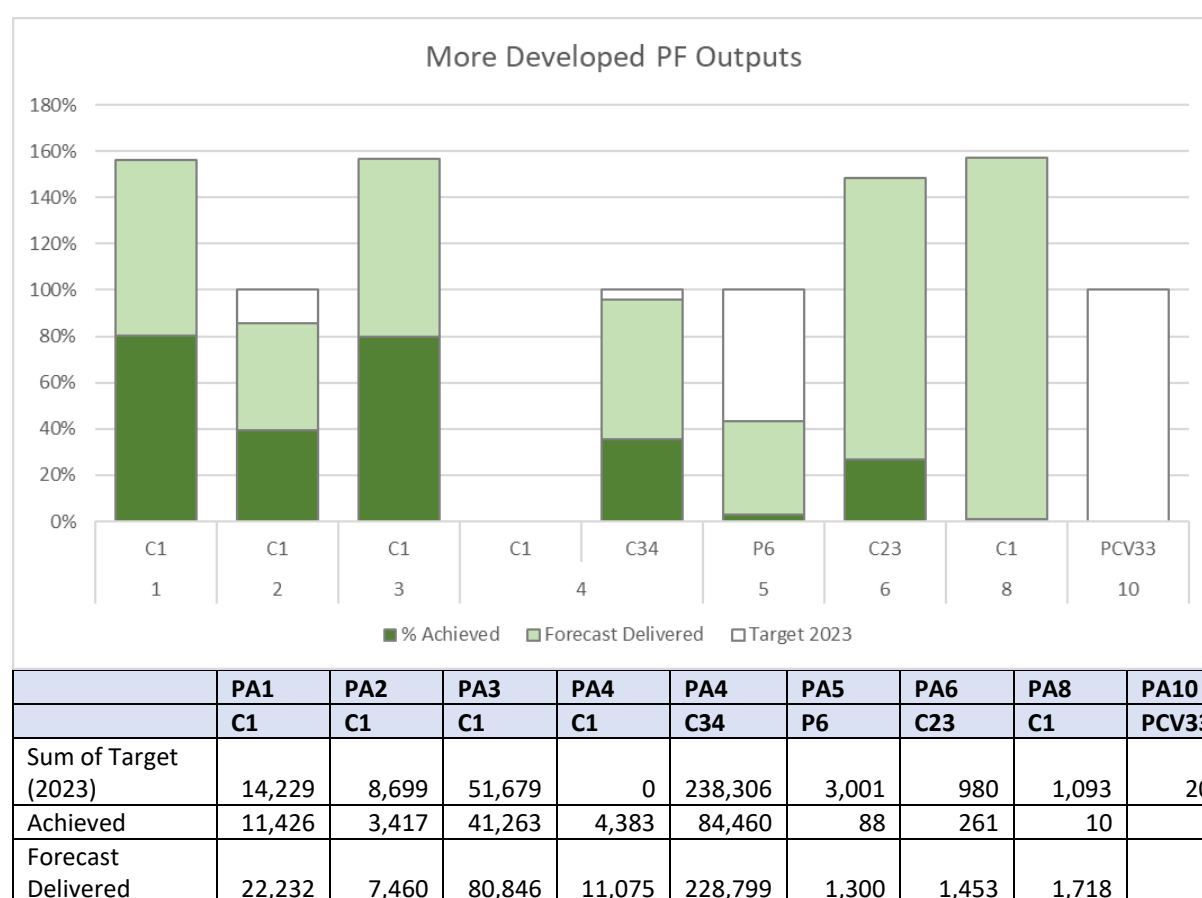
PA7

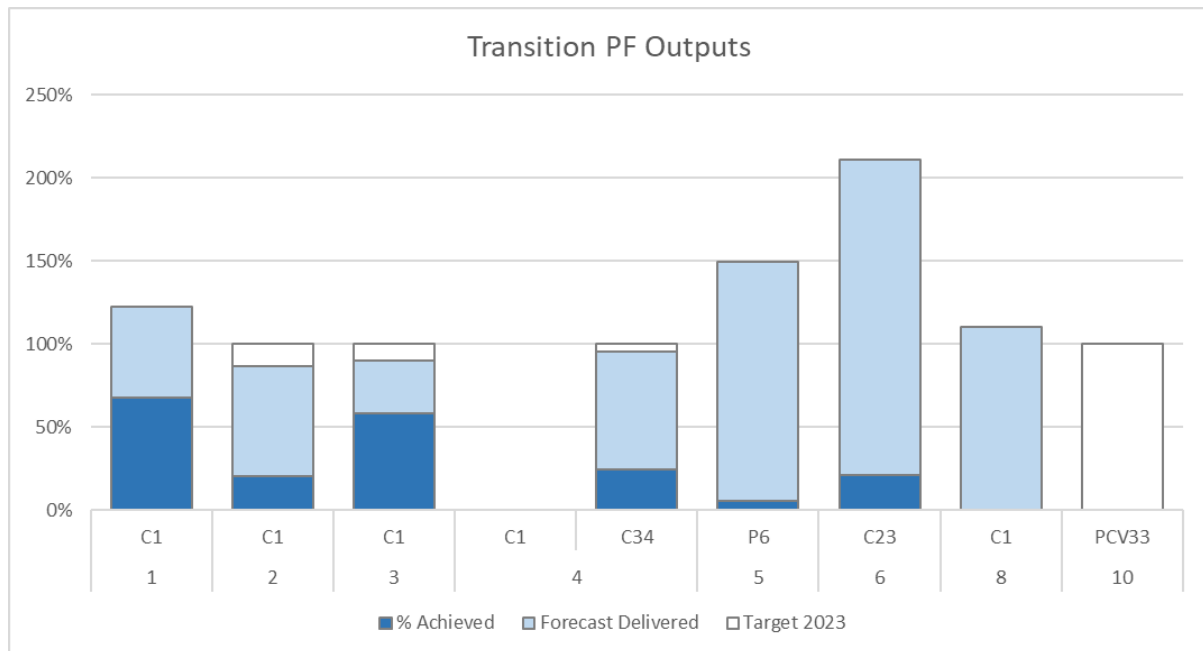
40. Less Developed; Good progress has been made against the PF target with the projects contracted and those in the pipeline expected to achieve the PF target.

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

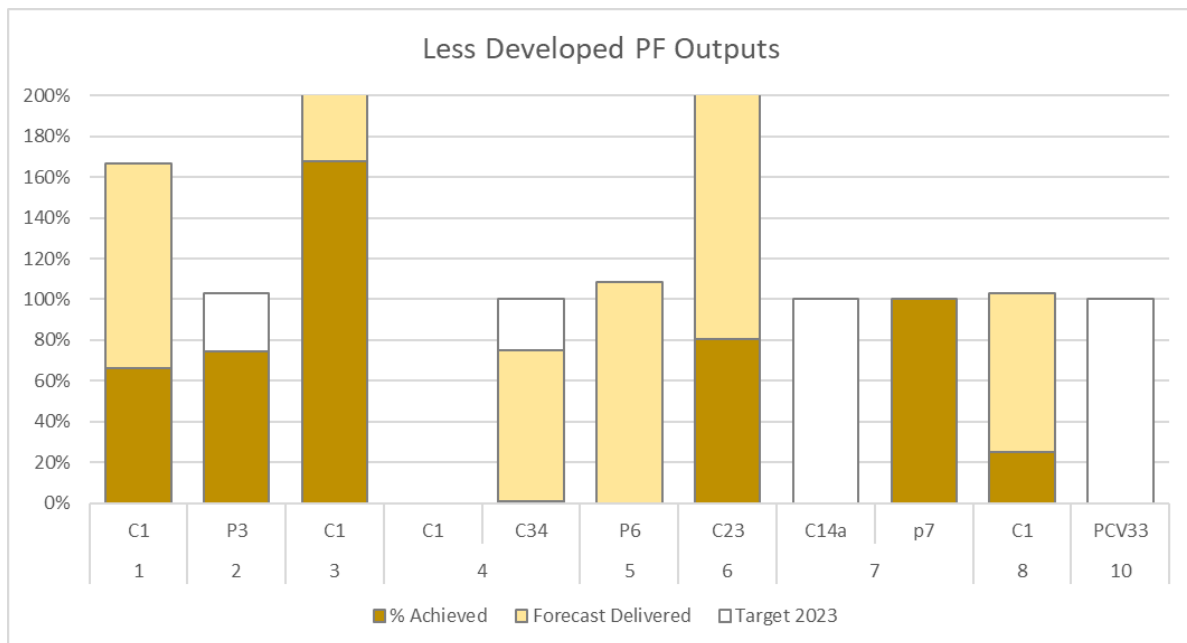
Key to indicators:

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





	PA1	PA2	PA3	PA4	PA4	PA5	PA6	PA8	PA10
	C1	C1	C1	C1	C34	P6	C23	C1	PCV33
Sum of Target (2023)	5,941	1,909	40,632	0	77,211	4,591	290	334	47
Achieved	4,034	391	23,513	1,741	18,864	263	61		
Forecast Delivered	7,275	1,650	36,622	4,817	73,563	6,872	612	368	



	PA1	PA2	PA3	PA4	PA4	PA5	PA6	PA7	PA7	PA8	PA10
	C1	P3	C1	C1	C34	P6	C23	C14a	p7	C1	PCV33
Sum of Target (2023)	559	2102	2120	0	23235	174	126	13	43	254	2
Achieved	371	1,565	3,558	520	160		102		43	64	
Forecast Delivered	932	1,500	8,152	507	17,403	189	714		43	262	

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 66% of the contracted outputs already achieved.
42. Transition: Solid progress has been achieved with 122% of the output target contracted. 68% 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 156% of the target contracted, and 80% 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. It is also possible that reviewing the delivery method of Superfast3 will increase some of the PA2 targets, but not the Performance framework target. Claims to date are reporting 1824 achieved against P3, so although the contracted target was 71%, achievements appear to be 86.7%, which would be a reasonable achievement given the difficulties.
45. Transition; Noting the high level of maturity of the 4 remaining pre-contract projects, and performance to date of contracted projects, 85-90% of the C1 target is considered deliverable. The non-performance outputs C5 (new enterprises supported) and P4 (additional businesses taking up superfast broadband) for 2023 will not 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 85% of the MD CoR target with 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 but will take until Q2 2021 to catch up to pre-Covid profiles.

PA3

47. Less Developed; LD COR has already legally committed in excess of the 2023 non-financial PF target with 384% of C1s committed to date. LD COR has already exceeded their non-financial 2023 PF target.
48. Transition; Transition COR has legally committed 90% 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 38% 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 156% 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 80% 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 still 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 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

63. Please see CLLD report below

Programme call schedule

64. There have been no new calls published for the ERDF Programme since the last meeting. Regarding future calls and remaining ERDF funding, MHCLG continues to review the nature of demand for further support in response to the evolving COVID-19 situation and in the more medium-term, as businesses continue to adapt to economic circumstances into 2021 and beyond. Taking account of the range of ERDF-funded and other public and private provision, we intend to consider opportunities for targeted support for SMEs , and other investment, as part of the final allocation of ERDF in early 2021. Further details will be provided once confirmed.

Financial Instruments

65. To 30th September 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.

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

Project	Invested End Sep 20	Private Sector Leverage	Outputs End Sep 20	Drawdown Status
Access to Finance Funds				
Northern Powerhouse Investment Fund (NPIF)	£199,462,156	£232,284,164	Investments made - 924 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 and final claim will be paid in November 2020
The North East Fund	£45,381,912	£62,300,000	Investments made - 263 Jobs Created - 139 New Enterprises - 100 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)	£84,147,947	£58,179,749	Investments Made - 418 Jobs Created - 805 New Enterprises - 67 New Product to Firm - 60 New Product to Market - 53 Non Financial Support - 173	MEIF has drawn down three tranches. ERDF value £58.9m.
Low Carbon Innovation Fund II	£50,000	£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)	£6,097,023	£4,590,237	Investments Made - 28 Jobs Created - 106 New Enterprises - 3 New Product to Firm - 1 New Product to Market - 1	CloSIF has drawn down two tranches of funding. The 2nd in October 2020. Total drawdown £16m ERDF.
London SME Fund (GLIF)	£15,000,000	£47,962,379	Investments Made - 23 Jobs Created - 107 New Enterprises - 8	The fund has drawn down two tranches at a total of £16,750.000 (ERDF)
Urban Development Funds				
Mayor of London Energy Efficiency Fund (MEEF)	£86,000,000	£142,000,000	Investment made - 5 GHG Decrease - 12,646 Decrease energy consumption - 31,158,944	MEEF has now drawn down all 4 tranches.
Greater Manchester Fund of Funds	£48,580,000	£15,000,000	Investment made - 4 Buildings renovated/created - 19,500sqm Annual GHG Decrease - 100 tonnes	The fund has drawdown two tranches (£30m ERDF).
Liverpool City Region Urban Development Fund	£0	£0	0	First tranche was drawdown in Q1 2020 at an ERDF value of £6.25m
Cheshire & Warrington Urban Development Fund	£0	£0	0	First tranche was drawdown in Q2 2020 at an ERDF value of £5m
Lancashire Urban Development Fund	£0	£0	0	Procurement of the Fund Manager will completed in November 2020. First drawdown will be in Q1 2021.

67. 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 September 2020 is £313.171m (ERDF).

68. The Lancashire UDF is in the final stages of appointing the fund manager. First drawdown will be in Q1 2021.

69. Following the extension of both CBIL's and the Future Fund to the end of January 2021 both the NPIF and MEIF accredited fund managers continue to step 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 CIBILS and to date they have seen 3x increase in the number of enquiries from both new and existing businesses.

CBILS backed loans from NPIF and MEIF have been very attractive to SMEs with deployment at considerably higher than pre-COVID levels in the North.

Debt managers for NPIF and MEIF are now accredited for CBILS and deployment has dramatically increased in the North to well above pre-COVID levels and picked up considerably in the Midlands.

70. In addition to the loan schemes there's the Future Fund 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 an 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 NPIF and MEIF are eligible as EIB funding counts as private sector so if business meets the eligibility criteria the Future Fund can be used as match funding.

The Future Fund has stimulated investment into portfolio SMEs for NPIF, MEIF and CIOFIF with all funds utilising this convertible loan co-investment facility.

Community-Led Development (CLLD) Priority Axis 8

69. 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.

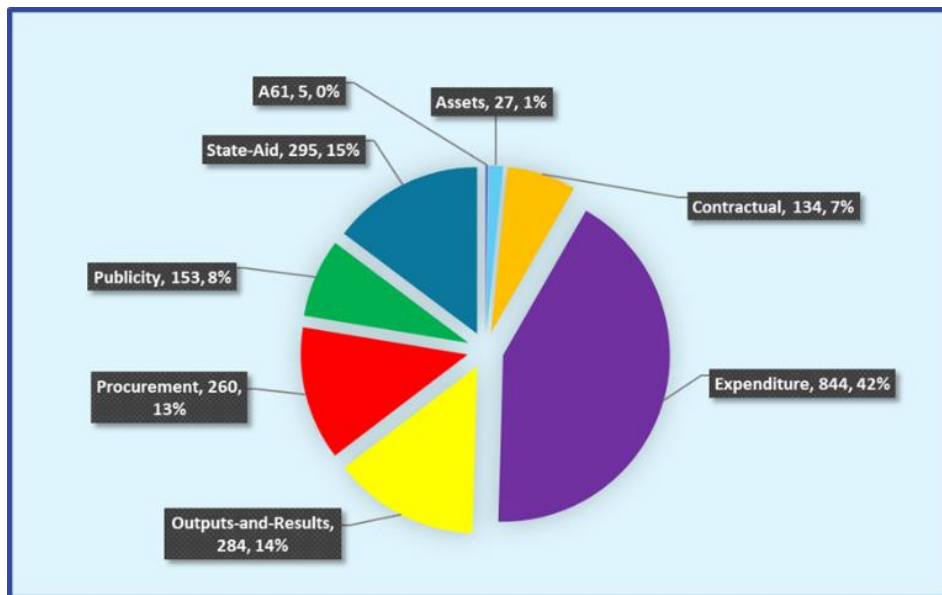
70. Cornwall have agreed to host a virtual National CLLD Practitioners Network meeting which will be arranged in the coming weeks (originally planned in August but was postponed). This will provide an opportunity for CLLD accountable bodies to share experiences and learn from the experience of CLLD projects across the country.

Reopening High Streets Funds (RHSS) Priority Axis 10

71. Following a Government announcement on the initiative in May 2020 as a wider £3.2 billion package to support local authorities in a range of measures to respond to the pandemic, the MA received a £51 M Re-opening High Street Fund (RHSSF) application from MHCLG's Cities and Local Growth Unit (CLGU) as the applicant. The project was appraised by end of August. The project was approved shortly after and a Memorandum of Understanding (MoU) was signed by Jeremy Pocklington, Permanent Secretary (on behalf of the MA) and by Emran Mian, Director General of Decentralisation and Local Growth (on behalf of the GR), on 15th October 2020 with a PIV meeting due mid-November 2020.
72. This funding is to allow local authorities in England to put in place additional measures to establish a safe trading environment for businesses and customers, particularly in high streets. The Fund allows for 4 main types of activity:
- Support to develop an action plan for how the local authority may begin to safely reopen their local economies;
 - Communications and public information activity to ensure that reopening of local economies can be managed successfully and safely;
 - Business-facing awareness raising activities to ensure that reopening of local economies can be managed successfully and safely; and
 - Temporary public realm changes to ensure that reopening of local economies can be managed successfully and safely.
73. The Fund will be managed by MHCLG through the Cities and Local Growth Unit. Funding will be distributed to circa 300 local authorities across England that have responsibility for managing high streets. Funding will be paid as local authorities to deliver activities between June 2020 and March 2021. The £50 million is being distributed on a population basis with a minimum grant at £30,000 funded at 100% intervention rate.
74. More information on the project can be found here: [RHSSF webpage](#)

Compliance

75. The EC requires an annual schedule of first level compliance checks to be undertaken by the MA. The general principle of the A125 on the spot verification visit (OTSV) is to test that ERDF projects and financial instruments (FIs) are delivering their contracted requirements, in accordance with the regulations as set out in (EC) 1303/2013 and identify any potential areas requiring correction. The work undertaken by the Compliance team provides assurance to the EC whilst reducing the impact of irregularities on the MA error rate.
76. Due to Covid 19 A125 OTSVs ceased at the end of March 2020 due to availability of Grant Recipients so that the 2020 schedule was reduced accordingly. Prior to Covid 19 there were 194 visits in the schedule, this has been reduced to 107.
77. Visits recommenced in September, however, as sites cannot be visited all visits are being carried out remotely, using video links and file sharing programmes. This has raised difficulties in getting the required information, in the required format, in a timely manner; however, the team are working closely with the Grant Recipients to improve the process.
78. We will continue to monitor the claims tested values and work closely with the Certifying Authority to ensure that cumulatively we hit the 15% target across all Categories of Region for this ECPA year. The overall percentage tested at OSTV is currently 19% which is above the 15% target.
79. Each Financial Instrument must receive an annual OTSV visit. To date 4 OTSVs have been completed; Greater Manchester Fund of Funds, Mayor of London's Energy Efficiency Fund, Cornwall and Isles of Scilly Investment Fund and The North East Fund. OTSVs starting in October include the Northern Powerhouse Investment fund and the Greater London Investment Fund. A procurement check of the fund set up was carried out on the Cheshire & Warrington Urban Development Fund.
80. Monthly analysis of A125 OTSV actions are reported in the monthly Performance Pack. Actions are broken down by category and sub category. This indicates that we are proactively working with Grant Recipients to identify eligibility issues, resolving them before potential penalties and addressing any systemic issues.



Cross cutting themes; Sustainability

81. The greater awareness of climate change and biodiversity loss has seen a significant shift in many organisations approaches to sustainability. Many local authorities have agreed and put in place climate change emergency plans and central government is increasingly supporting a wider range of climate change activity.
82. As significant funding has been allocated to PA4, 5 & 6 the focus has been on Priority 3 to support resource efficiency as part of the business support offer. Other sustainability measures such as BREEAM and CEEQUAL have had limited application. Within PA5 the large capital works have mainly been delivered through the Environment Agency who apply their own sustainability standards to its works.

Equality & Diversity

83. At the Equality and Diversity National sub-Committee 13 October 2020 a point was raised previously at the Growth Programme Board on the 15th September that the lessons learnt from the current programmes regarding the equalities agenda are not lost. MHCLG will respond to the action at the next Growth Programme Board meeting. Diversity and inclusion is an important agenda and we are working with colleagues through our network of sub-committees and groups to help shape the UKSPF. A PDR group meeting on 22/9 enabled VCS and other colleagues to put forward a range of ideas, and this will continue to be the case as we progress our thinking over the next few months.

AUDIT

84. Work is coming to a conclusion on this year's annual A127 programme of visits carried out by GIAA. We have now received 45 of the 58 reports. 21 have been finalised/closed and GDTs are working through clearing the recommendations on the remaining 24. There are 13 reports outstanding with GIAA that we expect to receive within the next 2 weeks.
85. The systems audit programme is also coming to an end. We now have draft or final reports for 6 of the 11 audits, 2 are due to report imminently and 3 are still in the fieldwork stage. The MA and AA have been working hard to close down outstanding systems audit recommendations and we now have only 32 recommendations open (18 of which are from this year's visits).
86. The MA submitted the first draft of the Management Declaration and Annual Summary to the GIAA by the agreed deadline of 30th October. The MA and AA are now meeting weekly to discuss progress on the audit work and move to a position where the documents can be agreed and finalised in time for submission in February.



European Union
European Structural
and Investment Funds

GPB 20201209 Item 2 (i)
European Structural and Investment
Funds
2014 - 2020
Growth Programme for England- ERDF

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

