



ESI Funds Growth Programme Board

1. ERDF Programme Delivery

Purpose:

To advise the board on progress with European Regional Development Fund (ERDF) Programme delivery to 31st March 2021.

Recommendation(s):

That the Growth Programme Board note the position to end of March 2021.

Summary:

Currently, the overall sterling value of the Programme is valued at £3,233m (@. 0.8859) and this is subject to exchange rate movements which are being closely monitored.

Overall Progress on Contracting; 1047 projects (inc.11 financial instruments (FIs)) with ERDF of £2,836m have been contracted, excluding PA9 balance remaining. This represents 88% of the programme budget. This is an increase of 58 contracted projects (£149m ERDF) compared to the previous quarter.

There are 152 pipeline applications with ERDF of £221m in final stages of delivery, excluding 3 reserve applications (£19m). The decrease of 95 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 (continuations).

Breakdown of the 152 pipeline applications:

- Project continuations - £65m (68)
- GFA's in development - £38m (29)
- Full Applications/invited to - £116m (54)
- Outline applications - £2m (1)

Adding contracted projects with those in the pipeline, represents 95% of the current programme budget.

Overall Progress – Expenditure: Cumulative claims paid by the Managing Authority (MA) to grant recipients total £1,422m ERDF, an increase of £134m from the previous quarter.

2023 Performance Framework (PF) Targets - Exp /Outputs: Steady progress is being made. All expenditure targets are *contracted* above the minimum threshold

(65%). For PF outputs, all regions have contracted sufficient projects to achieve the minimum threshold, except PA5 MDR.

N+3 2021 Target: Achieved and exceeded a year ahead of scheduled. Cumulative ECPAs to end Dec 20 were valued at €1759m against the 2021 target of €1732m.

A programme modification for a new PA 10 has been approved by the EC to reflect new flexibilities made available as a result of Covid-19. The associated output is: CV33 - Entities supported in combating COVID-19 pandemic. Over 90% of grant actions plans (GAPs) - i.e. local strategies for the use of funding in line with the guidance - have been agreed with local authorities and over 80% of grants funding agreement have been signed off.

2. Programme Value and Targets

- 2.1. The value of the programme 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 funds from the EU and annual forecast exchange rates up to the end of 2023. The forecast rate is provided by MHCLG Finance using the Bank of England spot rate with additional reference to HMT's forecasts. Clearly there is a level of volatility and risks that the sterling budget may reduce have to be considered.
- 2.2. The ERDF+Match Programme total eligible expenditure value is €6,572m.
- 2.3. 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.
- 2.4. The Operational Programme value and all returns to the European Commission are based in Euros. Internal Performance Monitoring is also done in Sterling.

3. Programme Budget & Contracting

- 3.1. The chart shows the amount and % of ERDF that has been contracted over time to March 2021. There has been a significant increase in commitment compared to the same time last year, increasing from 70% to 88% of the programme value.

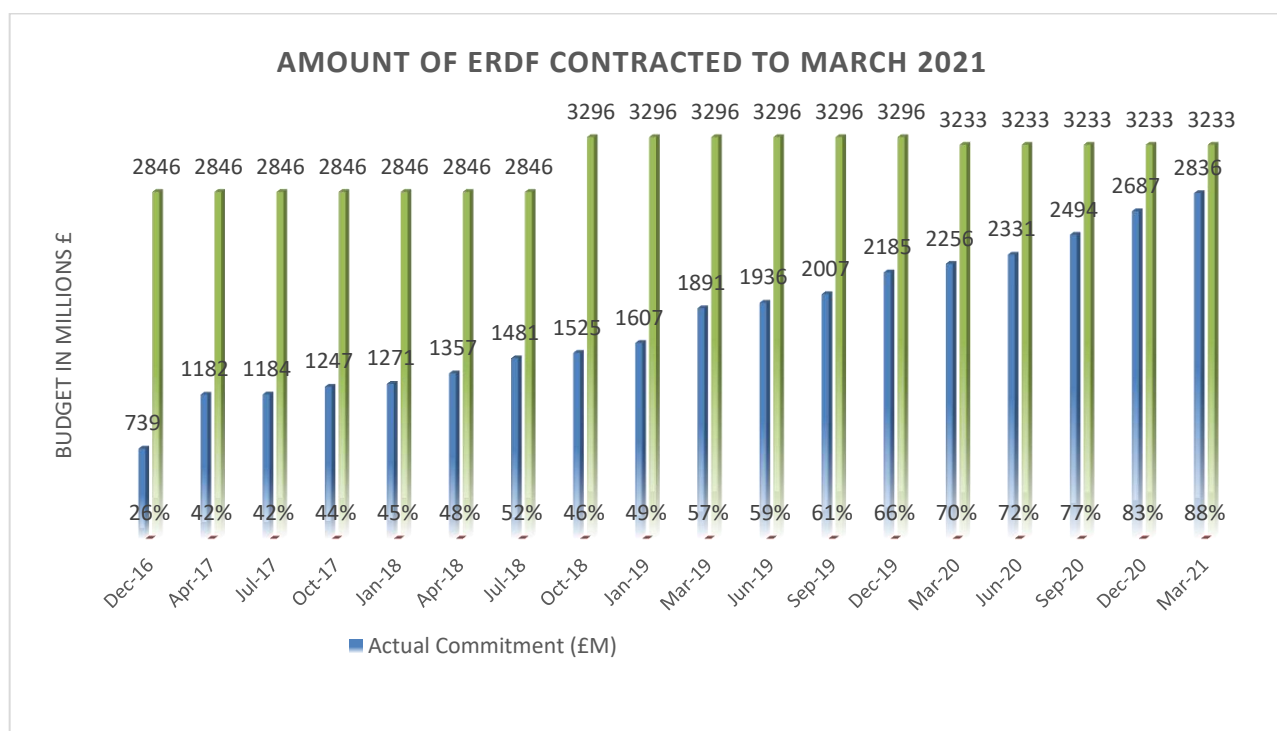


Figure 1

- 3.2. The contracting of projects has been a priority, with 152 applications currently in the system.
- 3.3. As at 31st March, 88% of the ERDF allocation (inc. Finance Instruments) has been contracted. By category of region this is Less Developed 93%, Transition 85% and More Developed 88%.

Category of Region	Allocation	Commitment £M (inc. FIs)	Commitment % of Allocation	Pipeline and Commitment £M	Pipeline and Commitment % of Allocation
More Developed	£1,849.47m	£1,626.88m	88%	£1,773.41m	96%
Transition	£965.79m	£819.19m	85%	£892.27m	92%
Less Developed	£418.05m	£390.12m	93%	£391.31m	94%
Grand Total	£3,233.31m	£2,836.20m	88%	£3,056.99m	95%

Figure 2

- 3.4. The table also shows the pipeline (excluding reserve projects). Commitment and pipeline in LD is 94%, T is 92% and MD is 96% making an overall total of 95%.
- 3.5. Pipeline projects will progress through to commitment as applications are processed. Currently 152 applications.

4. N+3 Target

- 4.1. The visual below shows progress against N+3 targets. The last payment application submission was in December 2020 and cumulatively N+3 2021 has been achieved a year ahead of scheduled. The next payment application is due to be finalised on the 26th May 2021 and submitted to the EC soon after. We are forecasting that by December 2021, we will submit ECPAs to the value of €583m; N+3 2022 being achieved by December 2021. The ability to claim at 100% is offsetting, to some extent, the impact of Covid-19 claims paid being held.
- 4.2. N+3 is only officially achieved when the Certifying Authority has submitted payment applications to the EC.
- 4.3. 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

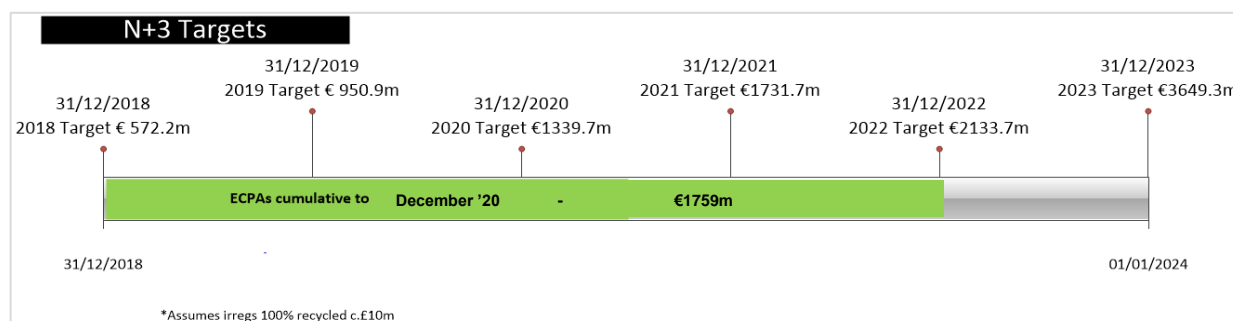


Figure 3

5. 2023 PF Expenditure targets including paid claims (€m) by Priority Axis across each of the Category of Regions from *contracted* projects

5.1. Contracting progress by Category of Region is steady on all the Priorities, and all Priorities have now contracted over 65% of their allocation. PA10 was wholly contracted in October 2020.

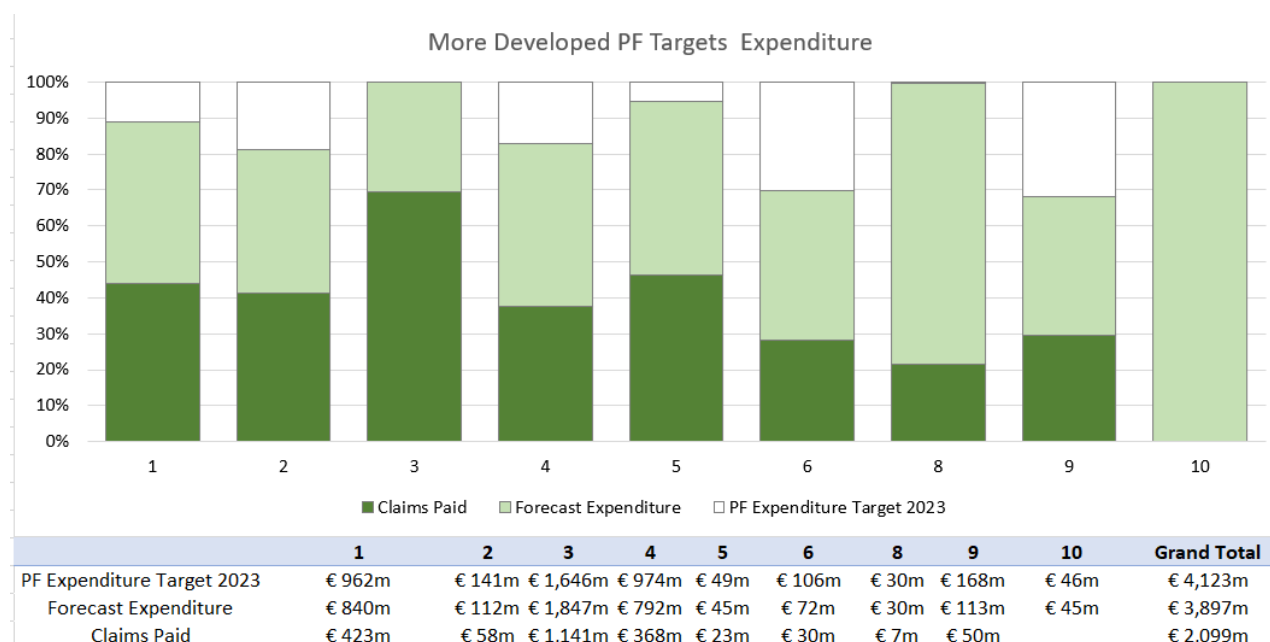


Figure 4

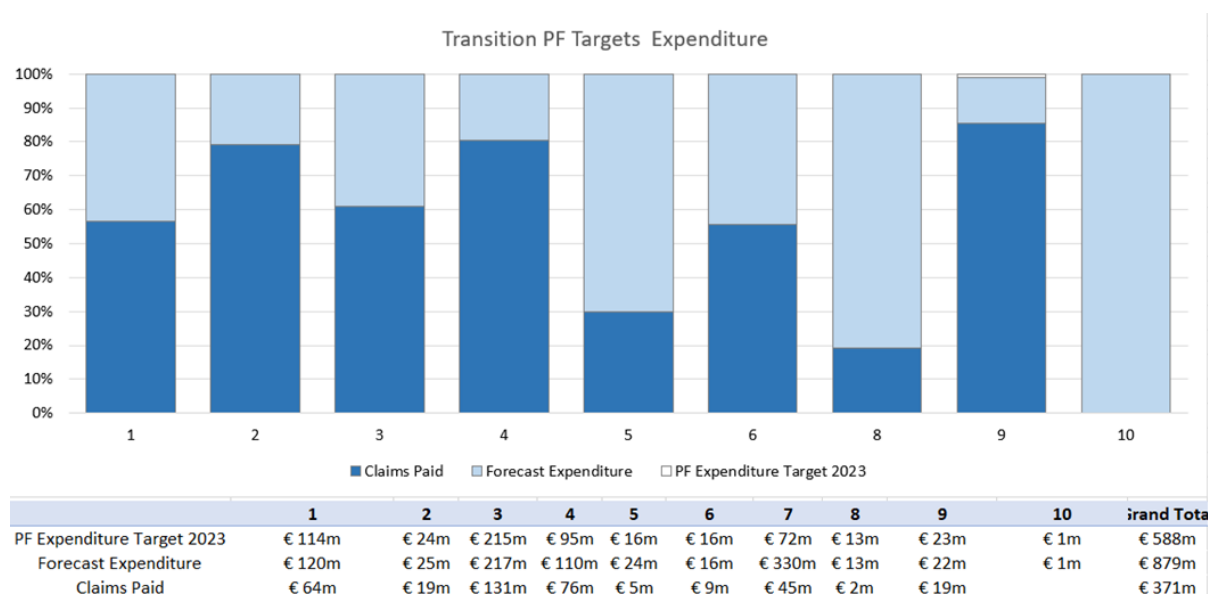


Figure 5

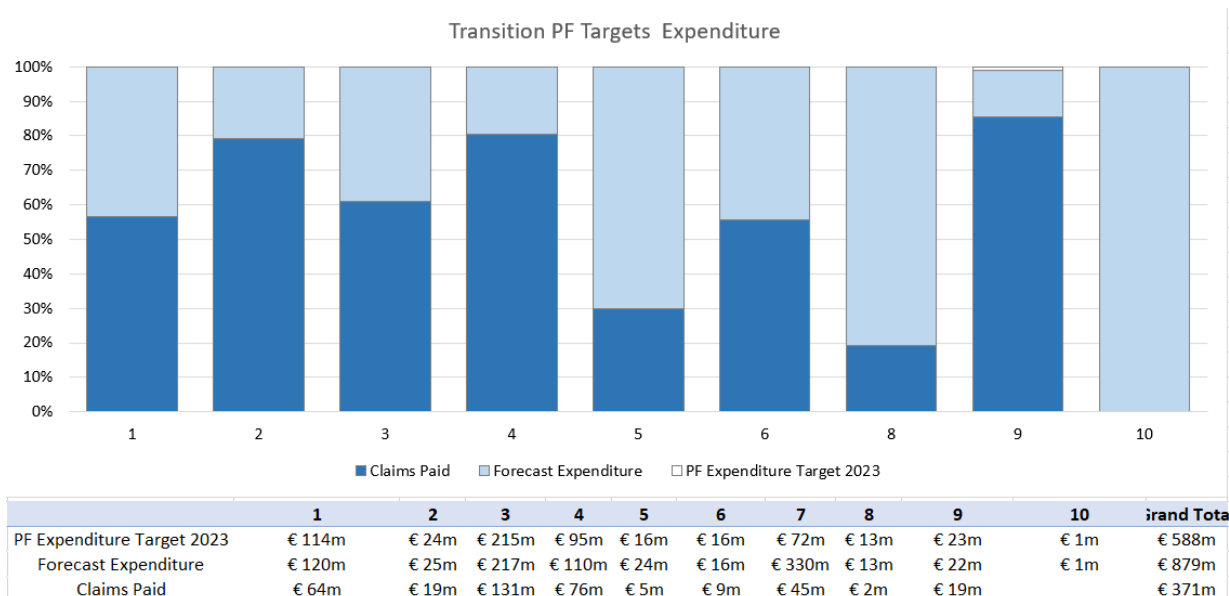


Figure 6

PA1

- 5.2. Less Developed: The PA1 Less Developed ERDF allocation has been fully committed and stands at 106%. This will need to be managed carefully to ensure payments do not exceed the allocation. On claims paid, 57% of the target has been spent so far, which is reasonable progress at this point in the Programme. Apart from managing the overcommitment, there are no areas of concern.
- 5.3. Transition: Here too excellent progress has been made with 96% of the 2023 target having been contracted. 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 59% of the target reached. This is satisfactory at this stage of the programme. No areas of concern.
- 5.4. More Developed: Progress in contracting continues to improve with 87% of the target reached so far. Even if all the pipeline were to be contracted as well, full commitment would not be achieved, with 92% of the target forecast. MD is behind the other CoRs with 44% 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.
- 5.5. Examples of projects recently contracted include Cornwall Council's *Centre for Space Technologies* which is being supported with £2.8m ERDF. It will be

located at Cornwall Airport Newquay and will be Western Europe's first horizontal satellite launch location. The R&D facilities will provide the specialist equipment required for developing, testing and launch of space technologies and satellites. The facilities will provide an opportunity for SMEs in the space and satellite sectors to co-locate with other industry specialists to collaborate and innovate. Another example is Teesside University's *Industrial Digitalisation Technology Centre* which is being supported with £1.1m ERDF. The new Centre will provide a range of knowledge transfer activities to drive digitalisation into SMEs in the Advanced Manufacturing/Engineering, Digital & Creative and Healthcare sectors in the area, as well as providing collaborative working spaces.

PA2

- 5.6. Less Developed: The PCRs from Superfast 3 and Superfast Satellite Terminals have seen both re-contract with a reduction in project size. Superfast 3's refocus away from large ticket capital infrastructure works towards revenue business connectivity and support activities has seen its ERDF allocation reduce from £4.20m to £2.88m; Superfast Satellite Terminals' reduction due to low demand has seen its ERDF allocation reduce from £0.93m to £0.85m. The LD PA2 ERDF allocation of £17.196m will not now, as a consequence of the two PCRs, be utilised in full, as the LD PA2 portfolio of projects will have a revised aggregate ERDF contracted value of £15.772m.
- 5.7. Transition and More Developed : Majority of Projects are now live and projects are continuing to deliver broadly to expenditure profiles. The forecast therefore remains positive. 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. Additional BDUK Gigabit grant availability continues to complement business support provision.

PA3

- 5.8. Less Developed: Positive progress for the LD COR continues to be made against the 2023 financial PF target with 100.96% of Total Eligible Expenditure (TEE) legally committed. With €2.9m in the pipeline, 102.32% of TEE will be contracted shortly. At this stage of the programme, positive progress continues to be made with 60.97% achieved against the 2023 financial PF target based on actual claims made to date.
- 5.9. 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 110.14% of Total Eligible Expenditure legally committed. A strong pipeline of €109m provides confidence that commitment percentages will be further exceeded. At this stage of the programme, positive progress continues to be made with 65.5% achieved against the 2023 financial PF target based on actual claims made to date.
- 5.10. More Developed: Positive progress for the MD COR continues to be made against the 2023 Financial PF target with 112% of Total Eligible Expenditure

legally committed. Additionally there is a robust pipeline of applications (€129m). At this stage of the programme, positive progress continues to be made with 69% achieved against the 2023 financial PF target based on actual claims made to date.

- 5.11. Overall, for PA3, positive progress still continues to be made despite the impact of COVID-19 and extended lockdown restrictions, with positive progress being made on: project activity, payment of claims, and subject to local GDT resources - appraisals and continuation project change requests (with projects taking advantage of the opportunity to reprofile expenditure and outputs).

PA4

- 5.12. Less Developed: PA4 in Cornwall has shown a strong pipeline of applications
- 5.13. Transition: The value of projects contracted and those still in the pipeline will mean that the programme performance target should be achieved.
- 5.14. More Developed: The last call has seen a strong pipeline of projects coming through, however the full value of the PA4 budget will not be met.

PA5

- 5.15. Less Developed: Cornwall and the Isles of Scilly should 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.
- 5.16. Transition: The number and value of projects that have been brought through will deliver the financial performance framework target, with the bulk of projects being in the North west and well underway in delivery
- 5.17. More Developed: The majority of activity within More Developed is with Leeds City region and many of the projects came through late as part of the SUD call and the transfer of money between Leeds City region and North East LEP.

PA6

- 5.18. Less Developed: The value of projects that have been contracted exceeds the Performance Framework target and this should be met.
- 5.19. Transition: The full value of the programme budget for PA6 I transition hasn't been realised and the contracted value is at 79%. Primrose Lodge in Clitheroe Lancashire has transformed an old silted up lodge into a community resource, providing access through the site and installing an Alaskan fish pass.

- 5.20. More Developed: Progress has been made in bringing forward projects however the full allocation will not be utilised in More Developed, this is partly due to the delay in bringing forward the SUD projects and linking PA6 within this.

PA7

- 5.1. Less Developed: Further progress has been made against the Performance Framework targets with the remaining pipeline projects contracted and expected to achieve the PF targets at the end of the programme. All appraised and approved projects are now been contracted , including the A30 Carland Cross to Chiverton Cross (Construction Phase) Major project that received approval from the European Commission in December 2020. The contracted schemes are on schedule to deliver the spend and outputs required by the programme. The PA7 expenditure budget is contracted at 96.51%.

6. 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.

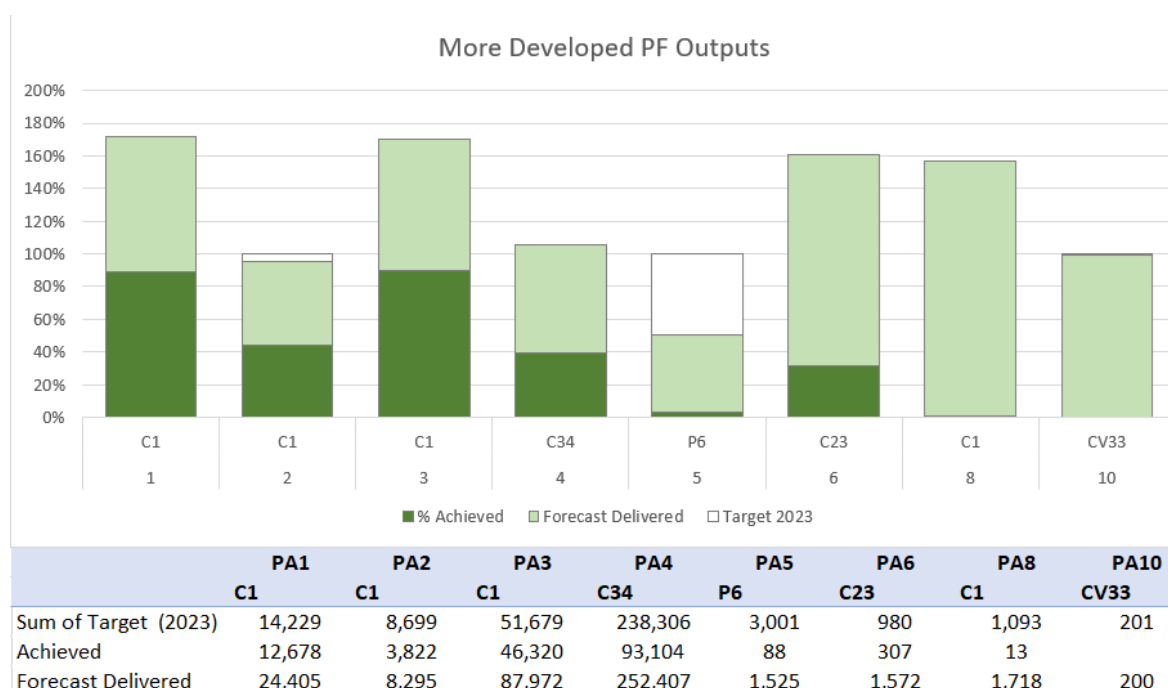


Figure 7

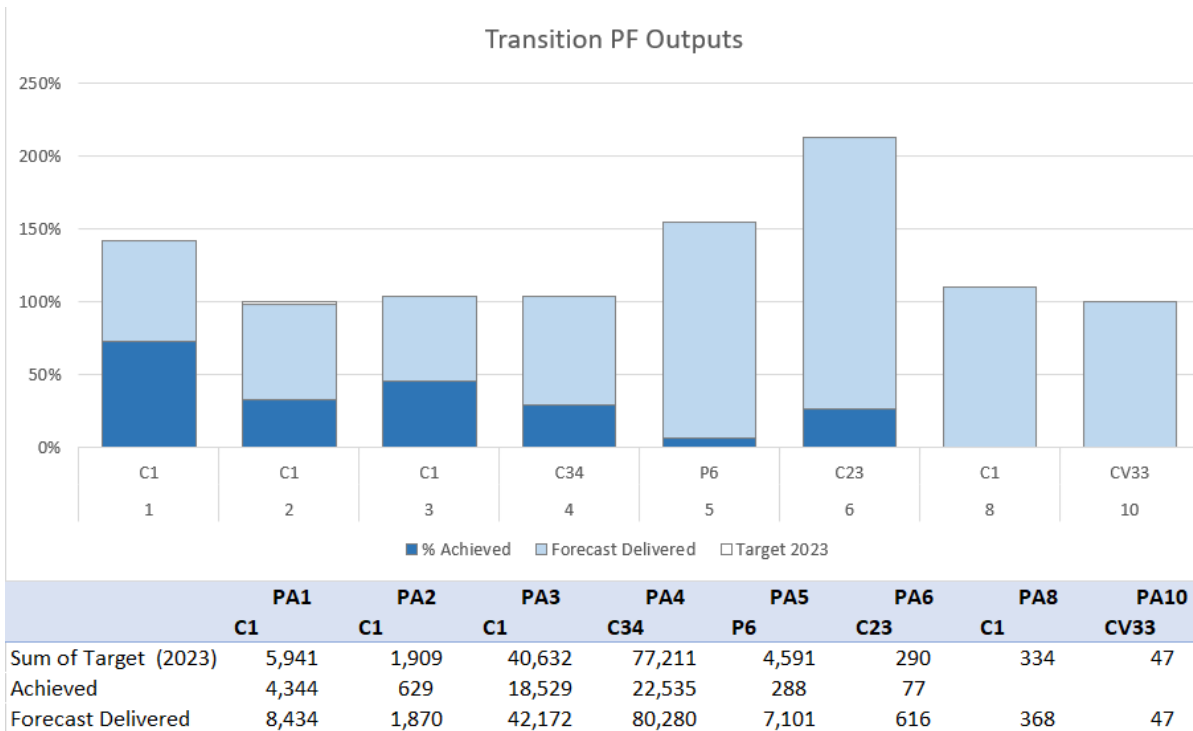


Figure 8

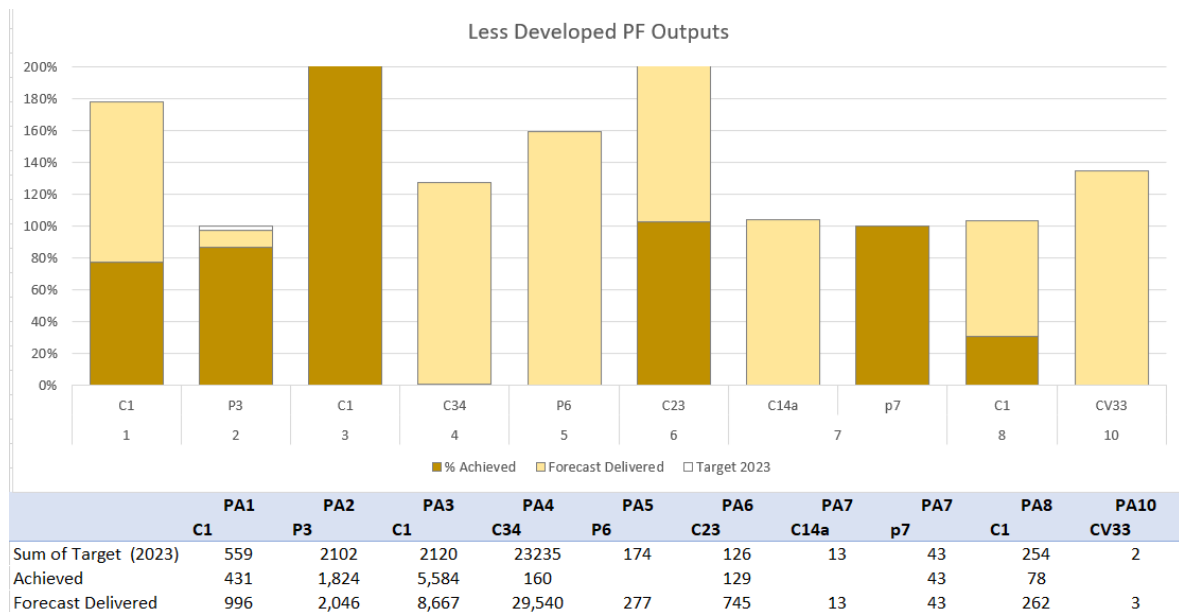


Figure 9

PA1

- 6.1. Less Developed: Contracted outputs now stand at 178% of the 2023 PF target which is excellent progress and reflects the high levels of ERDF which have

been contracted. Strong delivery with 77% of the contracted outputs already achieved.

- 6.2. Transition: Solid progress has been achieved with 142% of the output target contracted. 73% of the PF target has been achieved which is satisfactory at this stage of the programme.
- 6.3. More Developed: Despite the slower rates of contracting and expenditure, the outputs position is much stronger with 172% of the target contracted, and 89% 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

- 6.4. Less Developed: The LD 2023 Performance Framework target (P3) has been met, largely due to outperformance by Superfast 2: current actuals delivered stand at 2,215 against the target of 2,102. Superfast 3's recent Project Change Request refocused the project towards the P4/business connectivity output (P4 up from 55 to 400 and added in 356 C1 outputs as a consequence of the re-directed project activity): whilst that refocus saw the project's P3 contracted outputs reduce from 546 to 276, given that target has been met the additional contribution of P4 and C1 outputs is welcome. Superfast 3 had been forced to re-focus the project's activities due to the inability to secure a main works contractor for the originally envisaged network infrastructure works. The Superfast Satellite Terminals project is shortly to submit a PCR to reduce the project in scale as it has struggled to find businesses willing to connect with satellite technology (businesses want to wait for fibre). This PCR is to give contractual effect to the changes in their recently approved recovery plan, which sees a reduction in funding and outputs, but ensures the project is sized to meet demand and that VfM is maintained.
- 6.5. Transition and More developed: No significant change since last report; the C1 target is considered deliverable given the performance to date. However, reporting of outputs continues to be behind profile and close monitoring continues to be undertaken. 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 in this and previous years.

PA3

- 6.6. Less Developed: LD COR has already legally committed in excess of the 2023 non-financial PF target with 409% of C1s committed to date. LD COR has already exceeded their non-financial 2023 PF target.
- 6.7. Transition: Transition COR has legally committed 104% 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 compared to the other CORs, the programme has achieved 46% of the 2023 non-financial PF target and at this stage of the programme we anticipate will continue to progress positively.

- 6.8. More Developed: MD COR has currently committed in excess of its 2023 non-financial PF target with 170% 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 90% of the non-financial PF target.
- 6.9. Similar to the position on expenditure above, although we have seen a dip of project performance across the programme. Grant Recipients continue to manage and monitor their projects remotely, utilising an electronic based approach of accounting outputs in the interim (which has meant that some outputs have still not been reported in full as yet). Overall Grant Recipients have supported a high volume of SMEs due to the impact of COVID-19 but not necessarily hitting the minimum requirement to be recorded as a C1, which we will continue to monitor. At this stage of the programme, the Managing Authority continues to be optimistic that we will remain on target to achieve the 2023 non-financial PF target across all CORs, especially as LD has been achieved and MD is at 90%.

PA4

- 6.10. Less Developed: The low level of reporting C34's is due to the majority of projects still being live and therefore the outputs are yet to be claimed. Two projects which will close in the coming months will deliver significant C34 outputs, Local Energy Market – 10,000 tonnes and United Downs Deep Geothermal – 8,000 tonnes
- 6.11. Transition: The outputs are on track and the performance framework target should be achieved
- 6.12. More Developed: Despite the financial target not being achieved , the performance framework target is forecast to be achieved.

PA5

- 6.13. 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.
- 6.14. Transition: This is being significantly exceeded and will be delivered. There is a lag in achieving these as detailed in MD as they can only be claimed once the scheme is complete, but what has been forecast will be delivered.

- 6.15. More Developed: It's 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 once the project is completed and many of the Leeds City region projects came through late on as part of a SUD call.

PA6

- 6.16. Less Developed: This is comfortably being delivered primarily through Project Goss, which through Natural England is bringing a SSSI back into a high-quality status.
- 6.17. Transition: The output target should be delivered as what has been contracted due to the nature of the project (the land where works are being delivered wont change) will be claimed.
- 6.18. More Developed: The output target despite the reduced expenditure should be delivered.

PA7

- 6.19. Less Developed C14: The remaining output for the delivery of the Major project is contracted and is expected to meet the 2023 target of 14km – Total length of reconstructed or upgraded roads.
- 6.20. Less Developed P7: Target and actual 100% achieved.

PA8

- 6.21. Please see CLLD report below

7. Programme call schedule

- 7.1. There has been no new calls published for the ERDF Programme since the last meeting. We will report at future meetings with any further plans.

8. Financial Instruments

- 8.1. To 31st March 2021, the ERDF programme had contracted eleven financial instruments (FI) worth £1,293.191bn; comprising of £523.694m ERDF and £769.496m match funding. These are detailed in annex A.
- 8.2. The table below details what has been achieved with regards to outputs and expenditure to the end of March 2021. The drawdown status for each fund is also included.

Project	Invested End March 21	Private Sector Leverage	Outputs End March 21	Drawdown Status
Access to Finance Funds				
Northern Powerhouse Investment Fund (NPIF)	£256,383,956	£309,578,575	Investments made - 844 Jobs Created - 3,493 New Enterprises - 78 New Product to Firm - 176 New Product to Market - 133 Non Financial Support - 460	NPIF has now drawn down all 4 tranches of funding £140,359,192 (ERDF).
The North East Fund	£57,847,000	£68,667,000	Investments made - 287 Jobs Created - 243 New Enterprises - 114 New Product to Firm - 14 New Product to Market - 1	The fund has drawn down three tranches Total ERDF value drawn to date is £43.875m. The final drawdown will take place in Q1 2022.
Midlands Engine Investment Fund (MEIF)	£116,709,768	£94,374,485	Investments Made - 392 Jobs Created - 994 New Enterprises - 72 New Product to Firm - 70 New Product to Market - 61 Non Financial Support - 175	MEIF has now drawn down all 4 tranches of funding £78.550m (ERDF).
Low Carbon Innovation Fund II	£1,315,681	£0	Investments Made - 7	The fund has drawdown one tranche of funding which equates to £2.821m. The second drawdown will be in Q2 2021.
Cornwall & Isles of Scilly Investment Fund (CloSIF)	£6,856,293	£10,729,355	Investments Made - 28 Jobs Created - 110 New Enterprises - 3 New Product to Firm - 4 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)	£29,281,104	£63,248,651	Investments Made - 53 Jobs Created - 228 New Enterprises - 13	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)	£102,015,572	£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 has now been completed. First drawdown will be in Q2 2021.

- 8.3. All funds apart from the Lancashire UDF have drawdown at least one tranche of funding. A number including NPIF, MEIF and MEEF have now drawn down all four tranches of funding.
- 8.4. The Lancashire UDF will draw down it's first tranche in Q2 2021 at a value of £5m.
- 8.5. Following the end of both the CBIL's and Future Fund schemes in March 2021, the Recovery Loan Scheme (RLS) is the latest Government backed initiative.
- 8.6. Launched on 6 April 2021, RLS provides financial support to businesses across the UK as they recover and grow following the coronavirus pandemic.
- 8.7. The Recovery Loan Scheme will initially be available through a number of lenders accredited by the British Business Bank. New lenders under the scheme will be listed on the British Business Bank website as they become accredited.
- 8.8. Fund managers from NPIF, MEIF, The North East Fund and the London SME fund will all become accredited lenders.
- 8.9. RLS will run until 31 December 2021, subject to review.

9. Community-Led Development (CLLD) Priority Axis 8

- 9.1. Many CLLD projects are taking up the joint ERDF/ESF offer of extending in time up to June 2023. All projects will be invited to submit forward plans by mid-June to give both ERDF and ESF Managing Authorities a clear picture of current programme delivery and also to describe plans for the continuing implementation of the programmes taking account of the challenges that CLLD programmes have faced over the past 12 months.
- 9.2. CLLD Accountable Bodies continue to report interest from local projects in accessing the funding CLLD has to offer, particularly where it can contribute to recovery from the impact of COVID-19.
- 9.3. CLLDs are now reporting achievement of the CLLD performance reserve target C1 'Number of Enterprises Receiving Support'. To date 149 have been achieved in the More Developed Category of Region (14% of the OP target), 42 in Transition (13%) and 87 in Less Developed (34%). The 2020 AIR has indicated that achievement of the targets in full will be challenging.

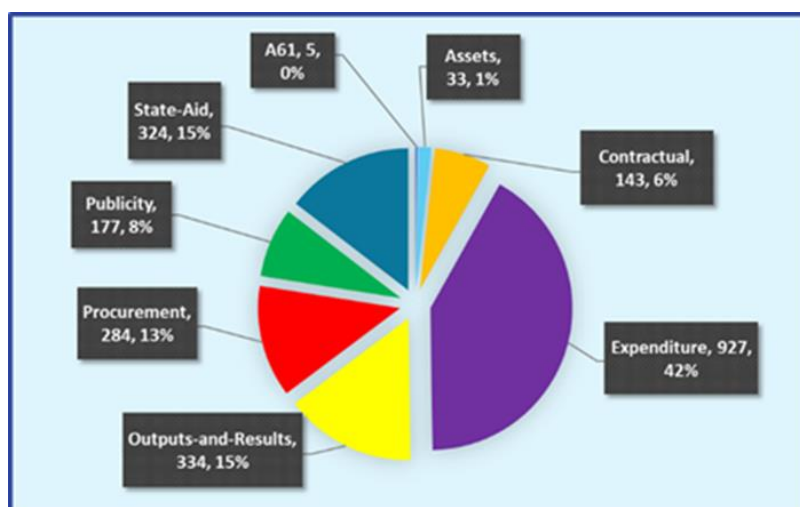
10.Reopening High Streets Safely Fund (RHSS) Priority Axis 10

- 10.1. Since the last report, the project was recently granted a three-month extension until end of September 2021 to reflect delays in the delivery of interventions by local authorities due to the latest lockdown measures. Over 90% of grant actions plans (GAPs) - i.e. local strategies for the use of funding in line with the guidance - have been agreed with local authorities and over 80% of grants funding agreement have been signed off.
- 10.2. In March, the Government announced a series of measures to support high streets and coastal towns including an extra £57m towards encouraging the return of people to and improving the appearance of high streets. The project has subsequently been invited by the MA to submit a business case (Project Change Request or PCR) for an extension of the project by another nine months until June 2022 and an extra £57m, which would bring the total value of the project to c.£108m ERDF. The extra fund will allow local authorities to put in place additional measures to create and promote a safe environment for local trade and tourism, particularly in high streets as their economies reopen. Local authorities will also be able to use the fund to develop plans for responding to these impacts, which could include considering how other funding streams could help address those challenges in the future. Part of the fund will be used to provide support for coastal resorts across England to support areas as they prepare for summer to safely welcome holiday makers in the coming months. The project title would change to 'Welcome Back Fund' to better reflect the nature of activities. A decision on the PCR is expected end of May/ early June.
- 10.3. In the meantime, the team and processes are in place and the project has now submitted their first claims to the MA to the value of £1.8m ERDF. With more local authorities spending against their GAPs, extra time and funding available and a wider scope of intervention, the value of claims are expected to rapidly ramp up in the coming months to reach c.£67m by the end of the year.

11.Compliance

- 11.1. 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.

- 11.2. Due to ongoing restrictions the Compliance Team continue to undertake OTSV visits remotely using video links and file sharing. In the two months since the 2021 schedule commenced 32 visits have started, of which are 13 closed. Working closely with the Grant Recipients the team have managed to overcome many of the difficulties in carrying out virtual visits and some aspects have worked so well that they may be adopted in the standard process going forward. In some instances there are still difficulties accessing and transferring documents but these are becoming less frequent. The team are planning an OTSV review to discuss the future process.
- 11.3. We 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 remains at 19.7% which is above the 15% target. The team have worked at pace to ensure there are sufficient claims tested and released for the upcoming Interim Payment Application in May.
- 11.4. Each Financial Instrument must receive an annual OTSV visit, with the FI visit year running from January to December. Since the beginning of the year 2 OTSVs, encompassing 10 sub funds, have been carried out; Greater Manchester Fund of Funds, and Midlands Engine Investment Fund, the latter ensuring their latest tranche of £66m can be included in the next ECPA. A procurement check has been carried out for the Lancashire Urban Development fund.
- 11.5. 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.



12. Cross cutting themes: Sustainability

- 12.1. 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.
- 12.2. 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.

13. Equality & Diversity

- 13.1. The action (1520/01) regarding lessons learnt from the current programmes was completed in December 2020.

14. Audit

- 14.1. Of the 23 audits in semester 1 for 2020.21, 2 have been completed and are at draft or final report stage, with no significant issues raised in either. A further 16 audits are underway with the fieldwork in progress or complete and aspects of the draft report being written and the final 5 are due to start shortly. Following submission of the next ECPA in late May/early June, we expect to receive details of the semester 2 audits, which will be the last this accounting year, towards the end of June.
- 14.2. Work is progressing on systems audits with the AIR audit underway and nearly complete and the Final Claims calculator work has started. The MA continues to work with the AA to close down recommendations from earlier systems audits and is making good progress with this.

15. Sustainable Urban Development (SUD)

- 15.1. Overall performance across the nine SUD areas, to 30th April 2021

ERDF Contracted to live projects	£258,950,000	88%
Applications in the system	£34,610,000	12%
Balance remaining	£31,000	0%
Total SUD value	£293,250,000	100%

- 15.2. The level of ERDF committed to live projects has increased to 88% 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 88% of the 5% target has been achieved. This increases to 100% with pipeline applications.)
- 15.3. London's full £184m ERDF allocation contributes towards SUD. 99% has been committed; all applications are in contract and no applications are in appraisal. As projects close and inevitably return underspends, the GLA will consider the use of these returns (plus the remaining unallocated balance) in line with guidance published by the MA.
- 15.4. The Bristol SUD region has an allocation of £3.09m ERDF. One project has so far been contracted, the South Bristol Enterprise support project for £ 858,015 of ERDF which provides business support to businesses in the defined Bristol SUD locality. A further project, the South Bristol light industrial workspace project for £1.4m ERDF is expected to be contracted very shortly, having now passed through the relevant approval stages. The applicant is currently clearing the pre GFA conditions. These 2 projects account for the full PA3 SUD allocation. One further project to spend the PA4 part of the SUD allocation is at outline stage.
- 15.5. The main Liverpool City Region SUD project (Green Sustainable Travel Corridors) continues to make good progress with 16 of the 19 'work packages' signed off.
- 15.6. Progress on the Mersey Ferry Vessel Renewal project has been delayed due to cost issues created by Brexit 'uncertainty' during the procurement process.
- 15.7. Full appraisals have now been completed on all projects received through the final Nottingham SUD Call. 5 projects are contracted and in delivery worth a total of £8.11m. There is one project, seeking £816,000 at contracting stage. There was a delay as the applicant had to secure a guarantor for funding. The applicant has now identified a suitable guarantor which has allowed the Managing Authority to enter into contracting.
- 15.8. For Birmingham SUD there was a Strong response to the June 2020 call with 8 applications submitted. 5 PA4 bids and one 1 PA6 bid progressed to the Full Application stage, meaning that both PA4 and PA6 were fully committed. One of the PA4 applications has since been withdrawn. £2.8 million ERDF had been requested under this application. The remaining 4 PA4 Full Applications and 1 PA6 Full Application have been submitted to MHCLG and are currently in appraisal.
- 15.9. The North East SUD programme currently shows commitment levels of c97%,. However 3 applications with an ERDF value of c£7m (c37% of the NE SUD allocation) are at pre-contract stage with final levels of commitment unlikely to be confirmed until quarter 3. Potentially 10 projects could benefit from the NE SUD investment, jointly contributing to a number of output targets with a particularly strong contribution anticipated towards additional capacity for renewable energy production and decrease of annual primary energy consumption in public buildings.
- 15.10. West Yorkshire CA. Six calls have been published . Eight projects are now contracted and a further 2 are at appraisal /contracting stage. Two outline applications remain on hold pending resource availability.

15.11. Sheffield CR. The funding round produced 3 projects which was sufficient to use the SCR allocation i.e. it's essentially fully committed.

SUD Area	ERDF Allocation	Live Projects	Outline Application	Full Application + Funding Agreement	Available to Commit
Nottingham	£11.35m	£8.11m	£0m	£0.82m	£2.42m
Greater Birmingham & Solihull	£11.74m	£1.96m	£3.0m	£7.10m	-£0.32m
Greater Manchester	£24.33m	£22.09m	£0	£3.65m	-£1.42m
Leeds City Region	£18.02m	£9.35m	£2.63m	£8.54m	-£2.50m
Liverpool City Region	£11.23m	£10.61m	£0m	£0m	£0.63m
London	£184.28m	£184.42m	£0m	£0m	-£0.14m
North East	£19.50m	£11.68m	£3.38m	£7.16m	£0.66m
Sheffield City Region	£9.71m	£9.87m	£0m	£0m	-£0.16m
Bristol	£3.09m	£0.86m	£0.31m	£1.71m	£0.52m
Total	£293.25m	£258.95m	£9.32m	£25.29m	-£0.31m



European Union
European Structural
and Investment Funds

GPB 20191218 Item 2
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	£140m (ERDF £58.8m)	EIB £60m, Legacy £21.5m
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	£266.15m (ERDF £78.55m)	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 Limited	1st June 2018	31st December 2023	London	Debt & Equity	£100m (ERDF £35m)	£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	£22.57m	£11.28m 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	£88m (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	£33.33m (ERDF £20m)	£13.33m co-investment

