



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 30th June 2021.

Recommendation(s):

That the Growth Programme Board note the position to end of June 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; 1070 projects (inc.11 financial instruments (FIs)) with ERDF of £2,935m have been contracted, excluding PA9 balance remaining. This represents 91% of the programme budget. This is an increase of 23 contracted projects (£99m ERDF) compared to the previous quarter.

There are 118 pipeline applications with requesting ERDF of £175m. The decrease of 34 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 118 pipeline applications:

- Project continuations - £57m (59)
- GFA's in development - £43m (20)
- Full Applications/invited to - £57m (38)
- Outline applications - £2m (1)

Adding contracted projects with those in the pipeline, represents 96% of the current programme budget.

Overall Progress – Expenditure: Cumulative claims paid by the Managing Authority (MA) to grant recipients total £1,606m ERDF, an increase of £184m 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 2022 Target: Achieved and exceeded 18 months ahead of scheduled. Cumulative ECPAs to end May 2021 were valued at €2,141m against the 2022 target of €2,134m.

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. The RHSS project has submitted a business case for a further extension and have already received confirmation that 306 out of the 309 (99%) local authorities in England will be participating in the refreshed initiative. A further update will be provided in the GPB meeting.

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 June 2021. There has been a significant increase in commitment compared to the same time last year, increasing from 72% to 91% of the programme value.

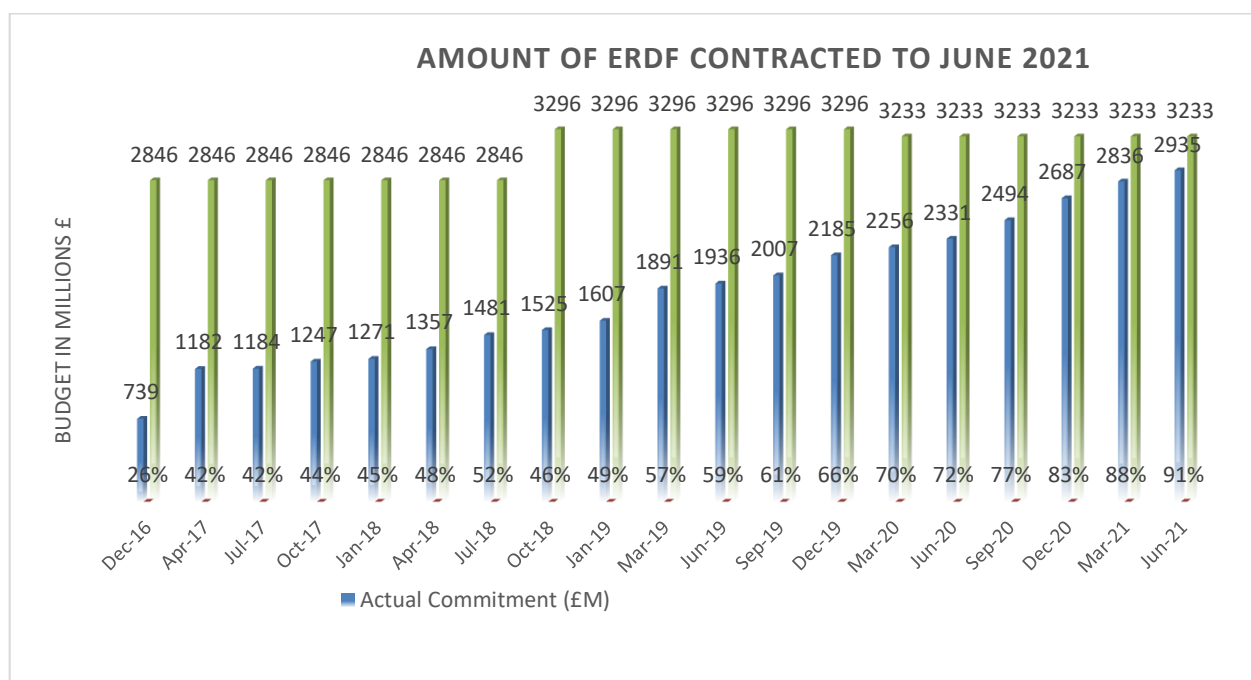


Figure 1

- 3.2. There are now only 118 pipeline applications currently in the system, 59 of which are project continuations.
- 3.3. As at 30th June, 91% of the ERDF allocation (inc. Finance Instruments) has been contracted. By category of region this is Less Developed 94%, Transition 87% and More Developed 92%.

Category of Region	Allocation	Commitment £M (inc. FIs)	Commitment % of Allocation	Pipeline and Commitment £M	Pipeline and Commitment % of Allocation
More Developed	£1849	£1696	92%	£1808	98%
Transition	£966	£845	87%	£907	94%
Less Developed	£418	£394	94%	£395	94%
Grand Total	£3233	£2935	91%	£3110	96%
No. of projects		1070		1188	

Figure 2

- 3.4. The table also shows the pipeline. Commitment and pipeline in LD is 94%, T is 94% and MD is 98% making an overall total of 96%.
- 3.5. Pipeline projects will progress through to commitment as applications are processed. Currently 118 applications which includes 59 continuations.

4. N+3 Target

- 4.1. The visual below shows progress against N+3 targets. The last payment application submission was in May 2021, for €381m and cumulatively N+3 2022 has been achieved 18months ahead of scheduled. This is the last ECPA that is being submitted under the Covid Flexibility of 100% intervention rate.
- 4.2. The ability to claim at 100% is offsetting, to some extent, the impact of Covid-19 claims paid being held.
- 4.3. N+3 is only officially achieved when the Certifying Authority has submitted payment applications to the EC.
- 4.4. 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 first contracted in October 2020.

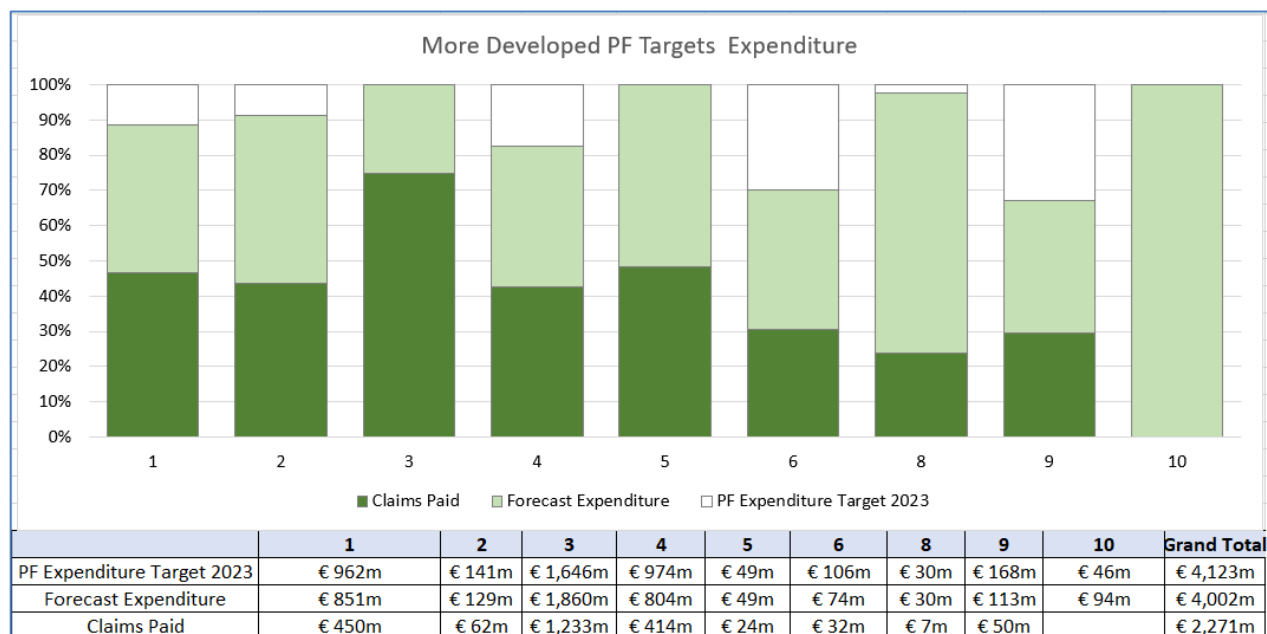


Figure 4

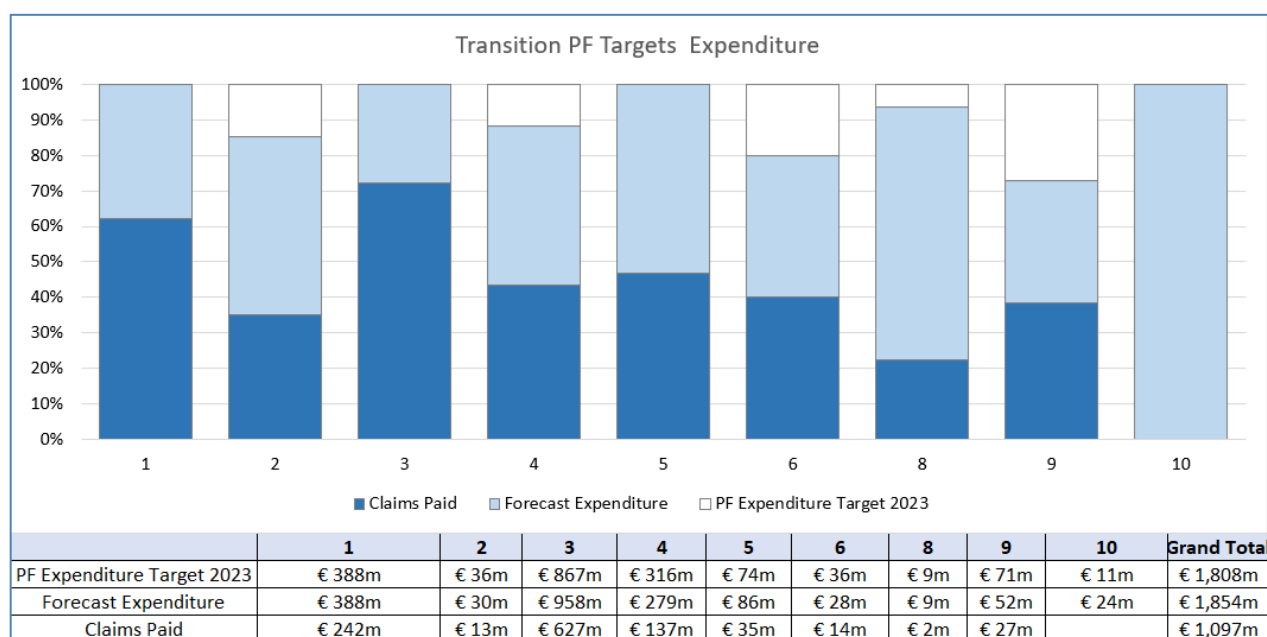


Figure 5

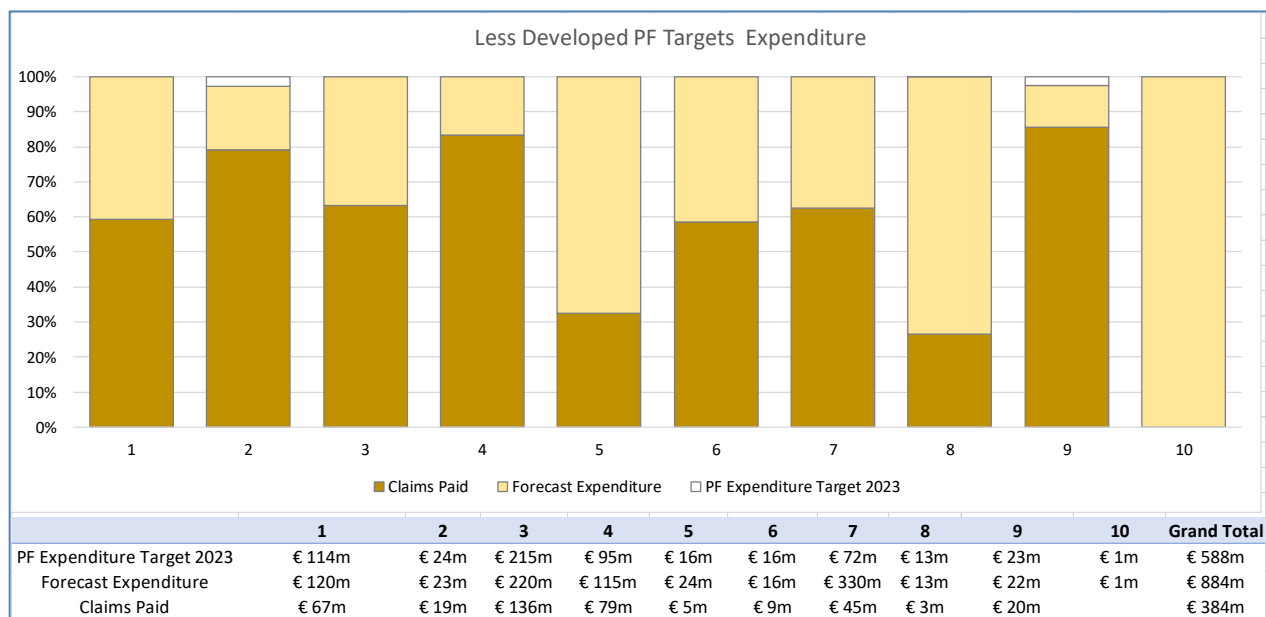


Figure 6

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, 59% 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 100% of the 2023 target having been contracted. Transition is the strongest of the CoRs in terms of expenditure achievement, with 62% of the target reached. This is satisfactory at this stage of the programme. No areas of concern.
- 5.4. More Developed: Progress in contracting remains slow with 88% of the target reached so far. Even if all the pipeline were to be contracted as well, full commitment would not be achieved, with little improvement on that contracted figure. MD is behind the other CoRs with 47% of the target reached in terms of paid claims, but that will improve as submitted claims are paid. 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 are focusing on becoming financially stable again rather than investing now in long term R&D programmes.

PA2

- 5.5. Less Developed: Expenditure is in a good position with 79% of target expenditure processed. Overall, however, ~£1.4 million (8%) of the £17.2 million ERDF allocated will not be utilised and discussions are underway to reallocate to PA3 activity in Less Developed region. The performance framework outputs (P3) will, however, still be achieved using the lower level of LD ERDF investment.

- 5.6. Transition and More Developed: 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 across the CoR. ERDF Projects in pipeline are almost 100% committed with only 2 projects (1T and 1MD) awaiting investment decision. The forecast therefore appears achievable with performance current at 35% (T) and 44% (MD), although it is noted there are several projects with 2020/21 start dates that are yet to submit claims for expenditure. Close monitoring and identification of corrective action is required in the next quarter to ensure risk of underspend is adequately managed.

PA3

- 5.7. Less Developed: Positive progress for the LD COR continues to be made against the 2023 financial PF target with 102% of Total Eligible Expenditure (TEE) legally committed. With €1.6m in the pipeline, 102.7% of TEE will be contracted shortly. At this stage of the programme, positive progress continues to be made with 63% achieved against the 2023 financial PF target based on actual claims made to date.
- 5.8. Transition: The Transition COR still continues to perform positively having significantly caught up with the other CORs, with 111% of Total Eligible Expenditure legally committed against the 2023 financial PF target. As per the last GPB, there is still a strong pipeline of €96.5m which provides confidence that commitment percentages will be further exceeded (currently forecasted to be 118.86%). At this stage of the programme, positive progress continues to be made with 72% achieved against the 2023 financial PF target based on actual claims made to date.
- 5.9. More Developed: Positive progress for the MD COR continues to be made against the 2023 Financial PF target with 113% of Total Eligible Expenditure legally committed. Additionally there is still a robust pipeline of applications (€71.7m). At this stage of the programme, positive progress continues to be made with 75% achieved against the 2023 financial PF target based on actual claims made to date.
- 5.10. Overall, for PA3, positive progress still continues post COVID-19 restrictions, with encouraging 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

- 5.11. Less Developed: PA4 in Cornwall has shown a strong pipeline of applications. The PA4 budget is likely to be met.
- 5.12. Transition: It is unlikely that the full budget of the programme performance target will be achieved.

- 5.13. More Developed: The last call saw a strong pipeline of projects coming through, however the full value of the PA4 budget will not be met.

PA5

- 5.14. 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.
- 5.15. 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
- 5.16. 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

- 5.17. Less Developed: The value of projects that have been contracted exceeds the Performance Framework target and this should be met.
- 5.18. Transition: The full value of the programme budget for PA6 transition hasn't been realised and the contracted value is at 80%. 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.
- 5.19. 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 delays in bringing forward the SUD projects and linking PA6 within this.

PA7

- 5.20. Less Developed: The Performance Framework targets against the contracted projects are scheduled to achieve the PF targets at the end of the programme. The Major project was contracted at the beginning of 2021 with the A30 Carland Cross to Chiverton Cross (Construction Phase) project on-site following approval from the European Commission in December 2020. The contracted schemes are on schedule to deliver the spend and outputs required by the programme in 2023. The PA7 expenditure budget is contracted at 96.58%.

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.

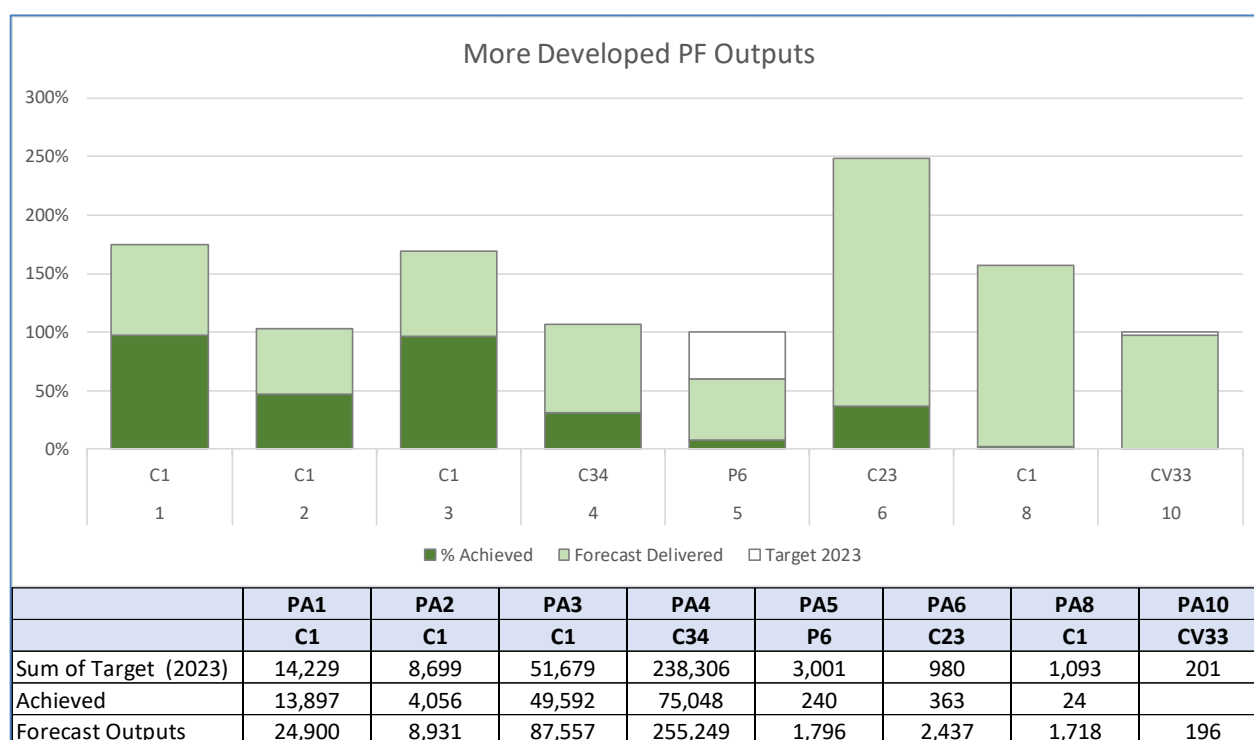


Figure 7

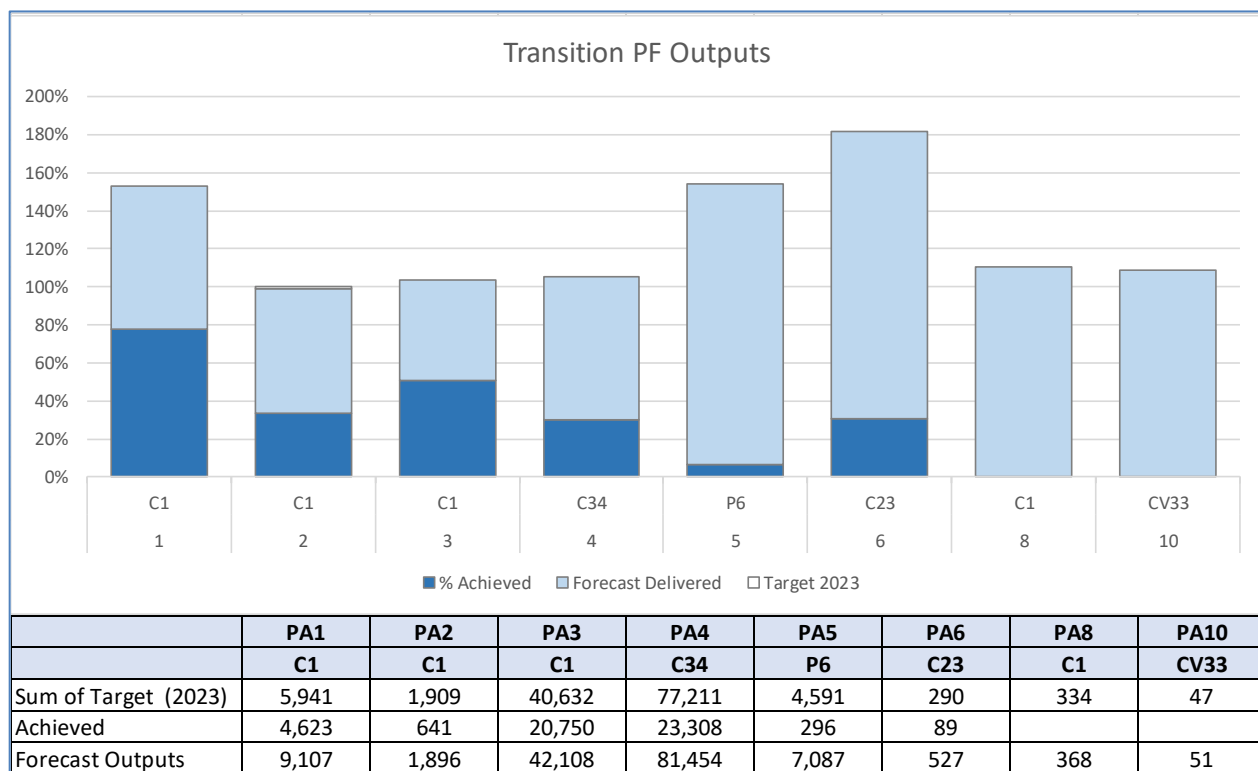


Figure 8

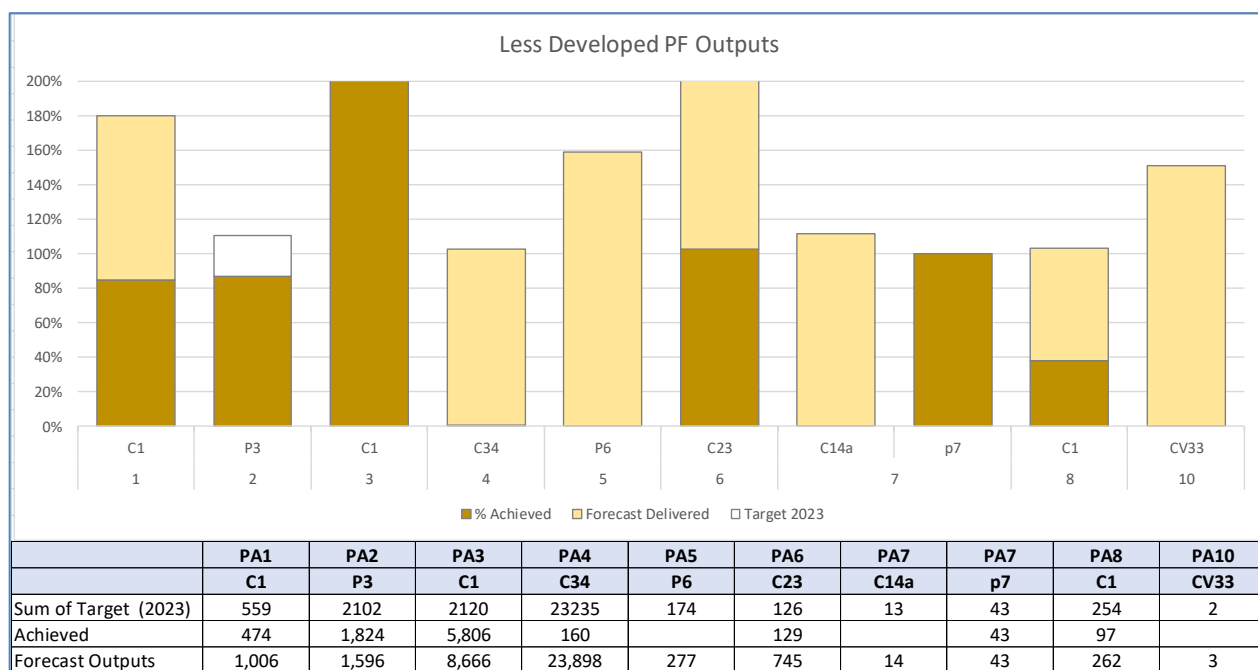


Figure 9

PA1

- 6.1. Less Developed: Contracted outputs now stand at 180% of the 2023 PF target which is excellent progress and reflects the high levels of ERDF which have been contracted. Strong delivery with 85% of the contracted outputs already achieved.

- 6.2. Transition: Solid progress has been achieved with 153% of the output target contracted. 78% 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 175% of the target contracted, and 98% achieved, the strongest of the three CoRs. 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 2023 Performance Framework target (P3) of 2,102 is on track to be exceeded. Superfast 2 has now completed and, subject to project closure and final claims checks, once processed the outputs will exceed the performance framework target. As a result the area has been able to accommodate refocussing of Superfast 3 towards P4/business connectivity output (increasing contracted from 55 to 400) and reduce their P3 infrastructure contracted outputs. In addition, the Superfast Satellite project has reduced in scale as it has struggled to find businesses willing to connect with satellite technology (businesses want to wait for fibre or similar technology). The reduced project will meet the limited demand whilst maintaining VfM.
- 6.5. Transition and More developed: The Transition and More Developed 2023 performance framework target is C1s Number of Businesses Supported. There is no significant change since last report; the C1 (number of businesses supported) target is considered deliverable given the performance achieved to date 34% T and 47% MD. The reporting of outputs and claims submission, however, continues to be behind profile. Close monitoring and identification of corrective action is required in the next quarter to ensure the forecast outputs will be achieved by 2023 in both CoRs.

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 behind compared to the other CORs, the programme has achieved 51% of the 2023 non-financial PF target which we will continue to proactively monitor. 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 169% of C1s committed to date (a slight reduction of 416 C1s compared to April's GPB paper – see below). It is anticipated that with the current pipeline of projects will continue to contribute to this target. MD COR

continues to make positive progress achieving 96% 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, there continues to be significant progress on outputs across all 3 CORs. 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 continue to monitor. In addition, as COVID-19 restrictions have lifted some projects which offer grants have requested to increase the value of grants in response to the current demand post COVID-19 (albeit with additional output / outcome benefits e.g. increased in employment, turnover etc) and as a consequence are proposing to reduce the number of C1s and C2s (number of enterprises supported with financial support e.g. grants) which the Managing Authority will continue to review on a case by case basis.
- 6.10. 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 96%.

PA4

- 6.11. 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.
- 6.12. Transition: The outputs are on track and the performance framework target should be achieved.
- 6.13. More Developed: Despite the financial target not being achieved, the performance framework target is forecast to be achieved.

PA5

- 6.14. 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.
- 6.15. 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.
- 6.16. 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

- 6.17. 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.
- 6.18. 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 won't change) will be claimed.
- 6.19. More Developed: The output target despite the reduced expenditure should be delivered.

PA7

- 6.20. 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.
- 6.21. Less Developed P7: Target and actual 100% achieved.

PA8

- 6.22. Please see CLLD report below

7. Financial Instruments

- 7.1. To 30th June 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.

7.2. The table below details what has been achieved with regards to outputs and expenditure to the end of June 2021. The drawdown status for each fund is also included.

Project	Invested End June 21	Private Sector Leverage	Outputs End June 21	Drawdown Status
Access to Finance Funds				
Northern Powerhouse Investment Fund (NPIF)	£281,168,532	£321,988,195	Investments made - 913 Jobs Created - 3,718 New Enterprises - 85 New Product to Firm - 181 New Product to Market - 141 Non Financial Support - 464	NPIF has now drawn down all 4 tranches of funding £140,359,192 (ERDF).
The North East Fund	£64,558,000	£105,000,000	Investments made - 306 Jobs Created - 2381 New Enterprises - 134 New Product to Firm - 14 New Product to Market - 1 Non Financial Support - 344	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)	£128,304,739	£133,733,640	Investments Made - 424 Jobs Created - 1,196 New Enterprises - 72 New Product to Firm - 70 New Product to Market - 62 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 two tranches of funding which equates to £5.642m.(ERDF)
Cornwall & Isles of Scilly Investment Fund (CloSIF)	£7,774,736	£11,319,128	Investments Made - 31 Jobs Created - 165 New Enterprises - 4 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. There will be no further drawdowns this year.
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	£5,000,000	£5,666,791	Investment made - 1 Buildings renovated/created - 3,974sqm	First tranche was drawdown in Q1 2020 at an ERDF value of £6.25m
Cheshire & Warrington Urban Development Fund	£7,120,000	£7,850,000	Investment made - 2 Buildings renovated/created - 5,028sqm	First tranche was drawdown in Q2 2020 at an ERDF value of £5m
Lancashire Urban Development Fund	£0	£0	0	First tranche was drawdown in Q2 2021 at an ERDF value of £5m.

7.3. All funds have drawdown at least one tranche of funding. A number including NPIF, MEIF and MEEF have now drawn down all four tranches of funding.

7.4. Both the Liverpool and Cheshire & Warrington UDF will draw down their 2nd tranches in Q4 2021.

- 7.5. Several audits are currently taking place including A125, A127 and the GIAA are undertaking a systems audit across the whole portfolio of FI's looking at the management and claims processes.
- 7.6. 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.
- 7.7. Launched on 6 April 2021, RLS provides financial support to businesses across the UK as they recover and grow following the coronavirus pandemic. Fund managers from NPIF, MEIF, The North-East Fund and the London SME fund have all become accredited lenders.
- 7.8. RLS will run until 31 December 2021, subject to review.

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

- 8.1. All CLLD Projects have now submitted joint Managing Authority (ERDF and ESF) Delivery Plans outlining plans to recover and/or reprofile the CLLD programmes over the remaining delivery period. We understand that DWP may elect to decommit ESF investment in some cases, MHCLG is liaising closely with DWP on this matter. A small number of CLLD projects are considering relinquishing ERDF underspends where they are not confident that the pace of delivery can increase. The Managing Authorities are carefully managing the position.
- 8.2. Whilst COVID 19 has slowed CLLD delivery CLLD over the last 18 months, C:LD Accountable Bodies continue to report interest from local projects in accessing the funding CLLD has to offer, particularly where it can contribute to recovery
- 8.3. CLLDs are now reporting delivery of performance framework outputs C1 'Number of Enterprises Receiving Support'. To date claims have been submitted for 184 C1s in the More Developed Category of Region (17% of the OP target), 62 C1s in Transition (13%) and 97 C1s in Less Developed (38%). It is unlikely that the More Developed / Transition performance framework targets will be met despite CLLD best efforts.

9. Reopening High Streets Safely Fund (RHSS)/ Welcome Back Fund (WBF) - Priority Axis 10

- 9.1. Since the last report, the RHSS project has submitted a business case (Project Change Request or PCR) for an extension of the project in light of the Government announcement on a series of measures to support high streets and

coastal towns including financial incentives towards encouraging the return of people to and improving the appearance of high streets.

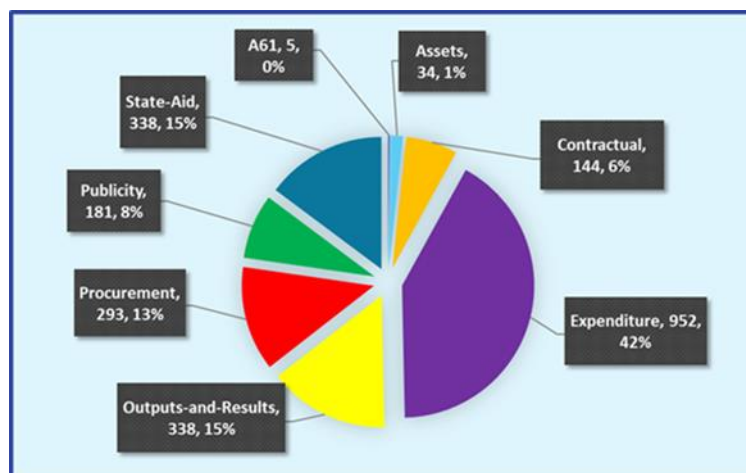
- 9.2. This would extend the project by another nine months until June 2022 and an extra £57m, which would bring the total value of the project to c.£108m ERDF. As a reminder, the extra fund will allow local authorities to put in place additional measures to create and promote a safe environment for 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.
- 9.3. 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 also change to 'Welcome Back Fund' to better reflect the nature of activities. The Managing Authority (MA) is currently reviewing this request and a decision is expected in the coming months.
- 9.4. The project team is now in the process of discussing the new 'Welcome Back Funding' contract variation with the local authorities and have already received confirmation that 306 out of the 309 (99%) local authorities in England will be participating in the refreshed initiative. The team are working at pace to complete the contracting process for the remaining participating LAs.
- 9.5. In the meantime, the MA has approved claims worth £736k ERDF with another £3.6m ERDF expected for Q2 2021. With more local authorities spending against their Grant Action Plans (GAPs), extra time, further 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.

10. Compliance

- 10.1. 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.
- 10.2. The Compliance Team continue to undertake OTSV visits remotely using video links and file sharing. Since the 2021 schedule commenced 58 visits have

started, of which are 31 closed. There are a number of visits that have had to be delayed due to the ongoing issues with project staff having to isolate when contracting Covid 19 or following contact with someone who has Covid 19. Many organisations are still unable to access their office premises which continues to cause problems accessing documents. However, a review of the remote working processes has been carried out and it has been agreed that, going forward, OTSV visits will remain predominantly virtual visits, with face-to-face visits being carried out by exception, if the project meets set criteria

- 10.3. The 2020-2021 ECPA has been finalised and the overall percentage tested at OSTV for the year is confirmed as 18.2% which exceeds the 15% target.
- 10.4. Each Financial Instrument must receive an annual OTSV visit, with the FI visit year running from January to December. This year, up to the end of June, 5 OTSVs, encompassing 25 sub funds, have been carried out. 2 procurement checks have been carried out; for a Fund Manager for the Lancashire Urban Development fund and Fund Administrator for Greater Manchester Fund of Funds.
- 10.5. Regular analysis of A125 OTSV actions is carried out, with actions broken down by category and sub-category. A report of actions and irregularities is provided to each GDT on a quarterly basis. We are proactively working with Grant Recipients to identify eligibility issues, to then resolve them before potential penalties and address any systemic issues.



11. Cross cutting themes: Sustainability

- 11.1. 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.

- 11.2. 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.

12. Equality & Diversity

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

13. Audit

- 13.1. We now have a full programme of audits agreed for the 2020.21 accounting year, with 39 in total. Of those, 10 have been completed and we have received a draft or final report, with no significant issues identified to date. A further 19 visits are underway and the final 10 are in the planning stages. We are a little further behind the number of reports we would have liked to have received at this point in the year but we are working closely with the AA to improve and monitor progress over the next few months.
- 13.2. We have received 3 systems audit reports for the AIR, Final Claims Calculator and Irregularities, Withdrawals and Recoveries. They have concluded as one level 2 unqualified report and 2 level 1 unqualified reports respectively which is great news and demonstrates a number of our key systems are functioning effectively.
- 13.3. We continue to work with GIAA on the ongoing ECA and DG Regio audits. Both audits have raised issues which the MA and AA disagree with and are working to resolve. We have also been made aware of a further ECA audit covering FIs which will take place this Autumn.

14. Sustainable Urban Development (SUD)

- 14.1. Overall performance across the nine SUD areas, to 30th June 2021

ERDF Contracted to live projects	£261,010,000	89%
Applications in the system	£29,570,000	10%
Balance remaining	£2,670,000	1%
Total SUD value	£293,250,000	100%

- 14.2. The level of ERDF committed to live projects has increased to 89% 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 89% of the 5% target has been achieved. This increases to 100% with pipeline applications.)
- 14.3. 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.
- 14.4. 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 has now withdrawn.
- 14.5. The main Liverpool City Region SUD project (Green Sustainable Travel Corridors) continues to make good progress with all the 'work packages' submitted and signed off.
- 14.6. Progress on the Mersey Ferry Vessel Renewal project has been delayed due to cost issues created by Brexit 'uncertainty' during the procurement process, but a revised proposition is imminent.
- 14.7. 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.
- 14.8. For Birmingham SUD, the main focus has been on the appraisal of 5 full applications from the June 2020 call that were submitted to MA earlier this year. Of these, 1 PA4 project has been approved and is currently being contracted, whilst a MA decision is expected on a further two in September. This leaves two applications, where issues have been identified during appraisal and discussions are underway with the IB to determine if they can still proceed.
- 14.9. The North East SUD programme has now contracted all projects with a total ERDF value of £13.73m representing 70% of the NE SUD allocation. Since the last report 2 pipeline projects with an ERDF value of c£5m have been withdrawn by the applicants due to difficulties with match funding. In total 7 projects 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. It is also expected that 80% of the estimated annual decrease of GHG reduction target will be achieved.

- 14.10. West Yorkshire CA. Six calls have been published . Seven projects are now contracted and one is at grant funding stage. Four applications have recently been withdrawn/deselected from the programme. .
- 14.11. Sheffield CR. One call has been published and three applications have been contracted utilising the full allocation.
- 14.12. Greater Manchester. All projects except one have now been made live. One project remains at PCR stage. This however if approved will exceed the GM SUD allocation by £1.42 m

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	£0m	£7.10m	£2.68m
Greater Manchester	£24.33m	£22.09m	£0	£3.66m	-£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	£13.73m	£3.38m	£1.72m	£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	£260.01m	£6.33m	£23.24m	£2.67m



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	£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, LCRC £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

