



**ESI Funds Growth Programme Board**  
**Progress on EAFRD Growth Programme**

**Purpose:**

To provide the Board with an update on the current position on the EAFRD part of the EU ESI Funds Growth Programme.

**Recommendations**

The Board is invited to note the information set out in this paper.

**Summary:**

As of 16 August, under the 3 rounds of the Rural Development Programme for England (RDPE) Growth Programme, a total of £158m had been awarded in grants to 992 projects across the Tourism Infrastructure, Food Processing, Business Development and Tourism Co-operation themes.

Of this £158m, £133m has been paid out, contracting 5,489 FTE jobs, of which 2,964 have already been created.

In addition, there are 17 contracts for funding totalling £69m under the Rural Broadband Infrastructure offer. These projects are at varying stages of delivery.

From 1 July 2022, cash payments on a number of RDPE Programme Measures, including those relating to the EAFRD Growth Programme, will be made from domestic funding rather than EU funding. This switch will have no impact on project beneficiaries or on the outputs we have committed to delivering, although we will no longer be reporting these to the European Commission.

## **EAFRD GROWTH PROGRAMME UPDATE**

### *Delivery Update*

1. As of 16<sup>th</sup> August, £158m of grant funding had been awarded to 992 projects under the three rounds of the RDPE Growth Programme. The Rural Payments Agency completed the contracting stage of the final round of this scheme on schedule in June 2021. All allocated RDPE Growth Programme funding has, therefore, now been committed to projects.
2. The number of contracted projects and amount of funding committed has dropped by 19 and £3.2m respectively since the last report. This is because some beneficiaries have dropped out of the scheme and others are reshaping projects to make them more affordable and deliverable in the current economic climate. Some of this released funding will be used to cover variations and, as there is no further scope to contract new projects, the remainder will be used to meet wider Programme commitments.
3. Of the £158m that has now been awarded, £133m has been paid to projects, an increase of £8.7m since the last report. To date, 5,489 FTE jobs have been contracted and RPA records show that 2,964 have been created. This is an increase of 654 jobs created since the June update. The RPA are currently going through a Post Payment Monitoring exercise to establish accurate up to date jobs created numbers.
4. The main EAFRD Growth Programme has provided funding to projects under four separate Measures within the EU Rural Development Regulations: Measure 4.2 (Food Processing); Measure 6.4 (Rural Business Development); Measure 7.5 (Tourism Infrastructure); and Measure 16.2 (Tourism Cooperation).
5. Under the Tourism Infrastructure Measure, 123 projects have been awarded £27m of grant funding and £23m has so far been paid out to projects.
6. Under the separate Tourism Cooperation Measure, which was only offered in Round 1, 12 projects were contracted which have now completed and £705k has been spent.
7. Food processing contracts totalling £68m have been awarded to 238 projects. To date spend is £57m.
8. There have been 619 Rural Business Development projects contracted under Measure 6.4, worth £65m. Of this, £54m of funding has been paid to date.

### *Rural Broadband Infrastructure Fund*

9. In addition to the four Measures being used under the main EAFRD Growth Programme, a fifth Measure (7.3) is the basis for the Rural Broadband

Infrastructure Fund, which is supporting Local Authorities to bring superfast broadband to some of the most remote parts of rural England.

10. There are currently 17 live RBIS contracts, totalling £69m. The infrastructure funded is forecast to 'pass' 15,282 business premises and 60,244 other premises, to the benefit of a population of 152,160.
11. Projects are now in the delivery stage: eight Local Authorities have made claims and a total of £26m has been paid.
12. Some broadband projects have indicated delays to project delivery due to shortage of workers with the necessary skills and of some components. We recognise the difficulties in delivering projects in the current economic, supply and manpower climate and we have established a process to enable the RPA to grant limited project extensions where these are necessary and justified.

#### *Funding Switch*

13. At the end of June we made some substantial changes to our arrangements for managing out the remainder of the RDPE which draws on funding from the European Agricultural Fund for Rural Development, including to the EAFRD Growth Programme.
14. As part of a normal Programme closure, agreements that run beyond the funding envelope are picked up by the subsequent Programme. As we have left the EU, we knew we would need to cover these commitments instead with domestic funding at some point. This reflects HMT's long-standing guarantee to meet RDPE ESIF commitments through domestic funding for the life of those agreements.
15. We are keen to do this in an orderly fashion, and in a way that most benefits our beneficiaries and the UK taxpayer. This includes ensuring that we spend as much of our allocated EU funding as possible in pursuit of our Programme objectives.
16. As we have flexibility to decide when to make this switch and do not need to switch all measures at the same time, we have decided following discussions with the European Commission to pursue a staged approach with a number of our Programme measures (including the ones relating to the EAFRD Growth Programme - Measures 4, 6 and 7) having switched to domestic funding at the end of June and the remaining measures expected to switch at the end of the calendar year.
17. This will allow us to allocate our remaining EU funding against the Measures where we have greater certainty around the timing of spend, enabling us to exhaust the last of the remaining EU funding efficiently as possible.
18. In addition to ensuring that we can exhaust all of our EU funding, switching measures early will simplify the ongoing management and closure of the programme. While technically this will have an impact on our ability to demonstrate delivery against some Programme targets (e.g., around jobs created or premises with new broadband provision) as we will have ceased using EU funding before

those targets have been fully met, we will continue to support the project commitments so the outputs and outcomes are delivered.

19. This switch will, therefore, have no impact on project beneficiaries who will continue to receive their funding or on the achievement of the real-world outcomes we have committed to delivering. The only difference will be the funding source.

Emma Friend

5 September 2022

**ANNEX 1****Table 1. Rural Broadband infrastructure offer.**

<b>As at 16 August</b>	<b>Rural Broadband</b>
Total Budget	79.5
Full Applications received	23
Value of Grant Sought (£m)	86
Number withdrawn/rejected	6
Number Contracted	17
Value of contract (£m)	68.9
Value of grant paid to date (£m)	26
Number Projects closed	-

**Table 2. Project outputs to date by theme.**

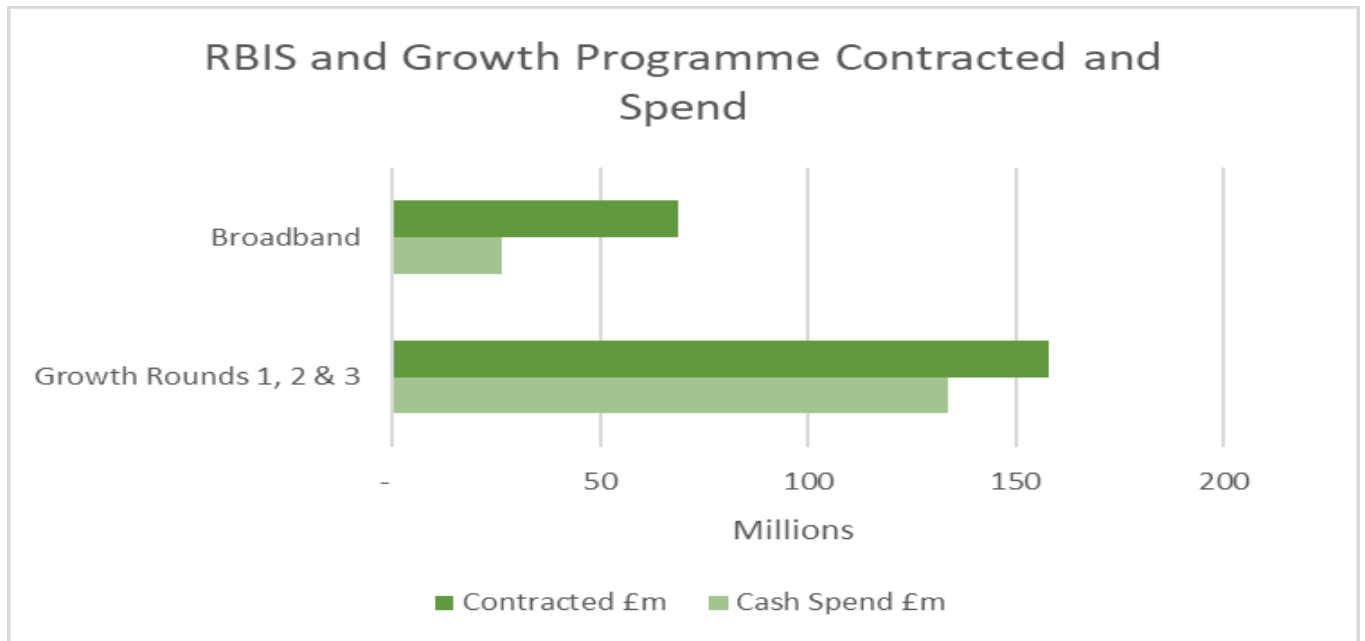
<b>Rounds 1-3</b>	<b>RDPE Growth Programme</b>	<b>Food Processing</b>	<b>Business Development</b>	<b>Tourism Infrastructure and Cooperation</b>
FTE Jobs Forecast	5,489	2,651	1,848	991
FTE Jobs Created	2,964	1,296	979	689

**Table 3: Total number of RDPE Growth Programme projects, funding committed and spend by theme as of 16 August 2022.**

<b>Theme/Measure</b>	<b>No. of Projects</b>	<b>Funding Committed £m</b>	<b>Spend to Date £m</b>
<b>Food Processing (M4.2)</b>	238	68,408,868	56,561,541
<b>Business Development (M6.4)</b>	619	64,937,903	53,694,024
<b>Tourism Infrastructure (M7.5)</b>	123	27,326,181	22,840,593
<b>Tourism Cooperation (M16.2)*</b>	12	601,362	704,756
<b>Total</b>	<b>992</b>	<b>£158,064,031</b>	<b>£133,800,914</b>

\*Theme offered in Round 1 only.

**Figure 1. Growth Programme Rural Broadband Infrastructure Scheme, Round 1, 2 and 3 contracted and spend actual figures 16<sup>th</sup> August 2022.**



**Figure 2: Percentage Growth Programme Spend per Theme as of 16<sup>th</sup> August 2022.**

