



Growth Programme Board

1. ERDF Programme Delivery

Purpose:

To advise the PSC on progress with European Regional Development Fund (ERDF) Programme delivery to 30th September 2022.

Recommendation(s):

That the PSC note the position to end of September 2022.

Summary:

Currently, the overall sterling value of the Programme is valued at £3,163m (@ 0.8666)¹ and this is subject to exchange rate movements which are being closely monitored.

Overall Progress – Contracting: 1088 projects (inc. 11 financial instruments (FIs)) with ERDF of **£3,149m** committed², a decrease of £9m since the last quarter. This represents 99.6% of the programme budget. In the last quarter 0 projects / continuations have been contracted (the project count has reduced due to project withdrawals).

There remain 5 pipeline applications requesting ERDF of £7m (which includes 2 continuations).

Adding contracted projects with those in the pipeline, represents 100% of the current programme budget.

Overall Progress – Expenditure: Cumulative claims paid by the Managing Authority (MA) to grant recipients total £2,063 ERDF, an increase of £107m 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 to achieve the minimum threshold: however:

¹ The revision to the operating value of the Programme at the March GPB alongside the MAs Maximising Expenditure Strategy.

² Includes £26m of Technical Assistance.

On watch list:

- PA5 - MDR output contracted target (businesses & properties with reduced flood risk) will not be achieved. This has been flagged to the EC through the AIR.
- PA8 –There are challenges in both meeting expenditure and output performance framework targets in the More Developed and Transition regions. Shortfalls in commitments in these regions will need to be considered as part of the upcoming Programme modification.

N+3 2022 Target: Achieved well ahead of scheduled. Cumulative ECPAs to end April 2022 were valued at €2,671m against the 2022 target of €2,134m.

2. Programme Value and Targets

- 2.1. The value of the programme is €3,649m with the Sterling value modified to £3,163m. Instead of a single foreign exchange rate being used the Sterling budget is now based on funds drawn down from the EU and annual forecast exchange rates up to the end of 2023. The forecast rate is provided by MHCLG Finance. Clearly there is a level of volatility and risks that the sterling budget may reduce have to be considered.
- 2.2. The Programme's total eligible expenditure (TEE), ERDF + Match, is valued €6,572m.
- 2.3. Programme performance is measured by the EU using the following targets:
 - N+3 - Ensuring that the ERDF annual budget is drawn down from the EC within 3 years of the budget being allocated.
 - 2023 Performance Framework – These targets sit at priority axis by category of region and are broken down into 2 elements:
 - Financial – Ensure that the TEE is declared.
 - Outputs – Ensure that the performance framework outputs are met.
- 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. Figure 1 shows the amount and % of ERDF that has been contracted over time to September 2022. We are now contracted at 100% of the programme value.
- 3.2. In the last quarter 0 projects / continuations have been contracted (the project count has reduced due to project withdrawals). The overall decrease is -£9m ERDF.

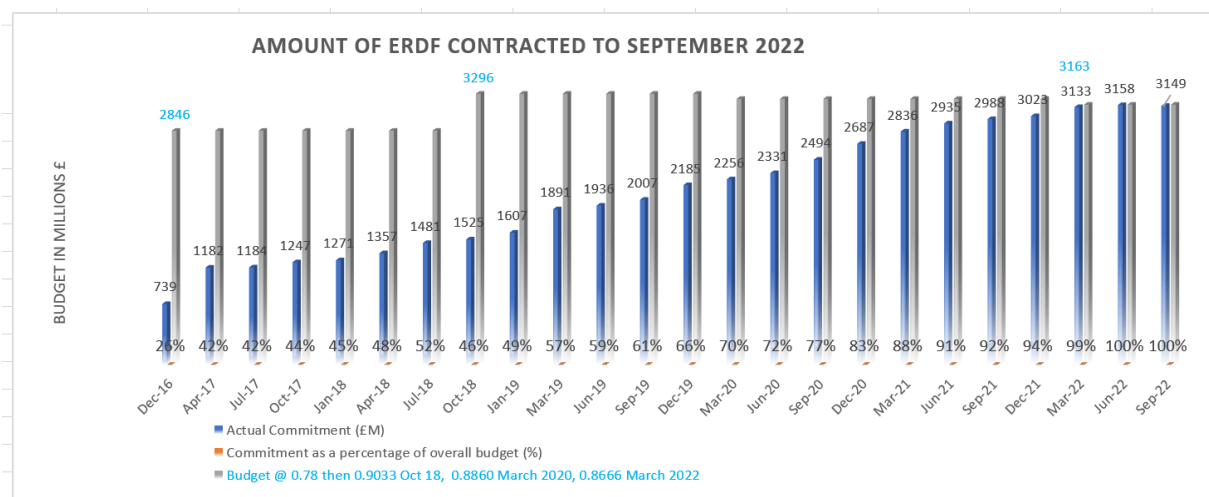


Figure 1

3.3. Figure 2 sets out ERDF programme commitment as at 30th September including the pipeline.

| Category of Region | Allocation £M | Commitment £M (inc. Fis) | Commitment % of Allocation | Pipeline and Commitment £M | Pipeline and Commitment % of Allocation |
|--------------------|---------------|--------------------------|----------------------------|----------------------------|---|
| More Developed | £1,809 | £1,823 | 101% | £1,827 | 101% |
| Transition | £945 | £923 | 98% | £926 | 98% |
| Less Developed | £409 | £403 | 99% | £403 | 99% |
| Grand Total | £3,163 | £3,149 | 100% | £3,156 | 100% |
| No. of projects | | 1091 | | 1094 | |

Figure 2

3.4. The pipeline includes 5 (£7m) applications currently in the system, broken down as follows:

- Project continuations - £2m (2)
- GFA's in development - £4m (2)
- Full Applications/invited to full £1m (1)

4. N+3 Target

4.1. As set out in the figure 3 the programme has achieved its N+3 target for 2022:

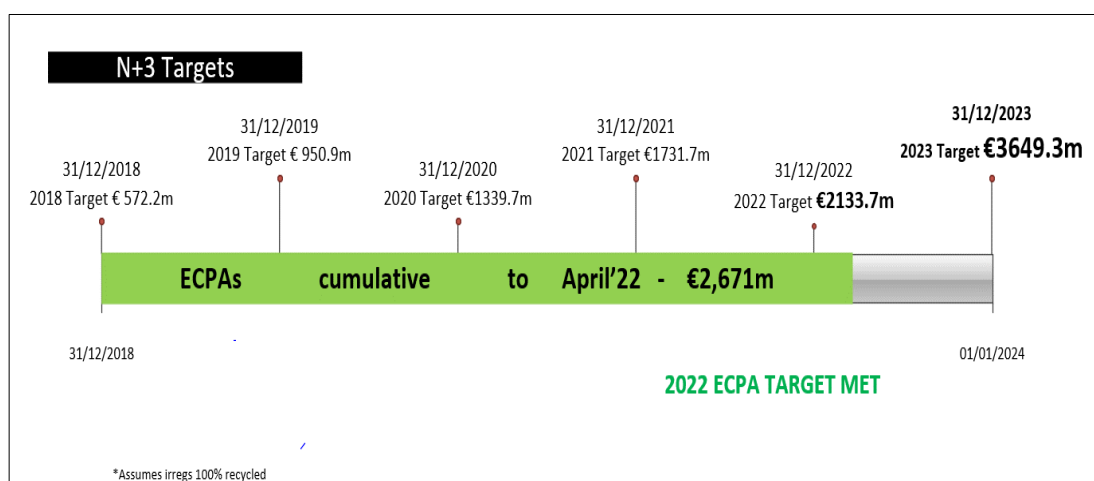


Figure 3

4.2. This has been achieved by making use of the ability to drawdown ERDF at a 100% intervention rate last year.

4.3. The consequence of this approach is that the MA has drawn more ERDF than it has paid out to beneficiaries at this point. This will be paid out in the later stages of the programme, but the MA is working with the CA to ensure that the accounts are balanced.

4.4. The N+3 target in 2023 is ensuring that the full value of the programme is realised, this is the same as the 2023 performance framework financial target.

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

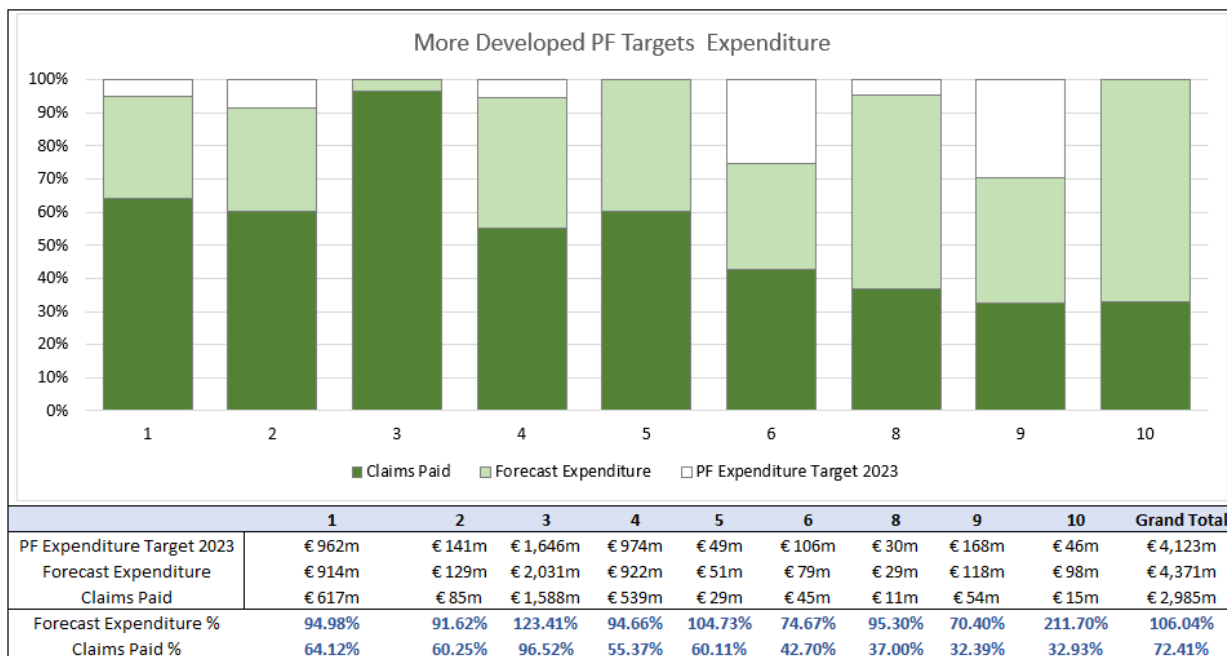
Performance Framework Expenditure

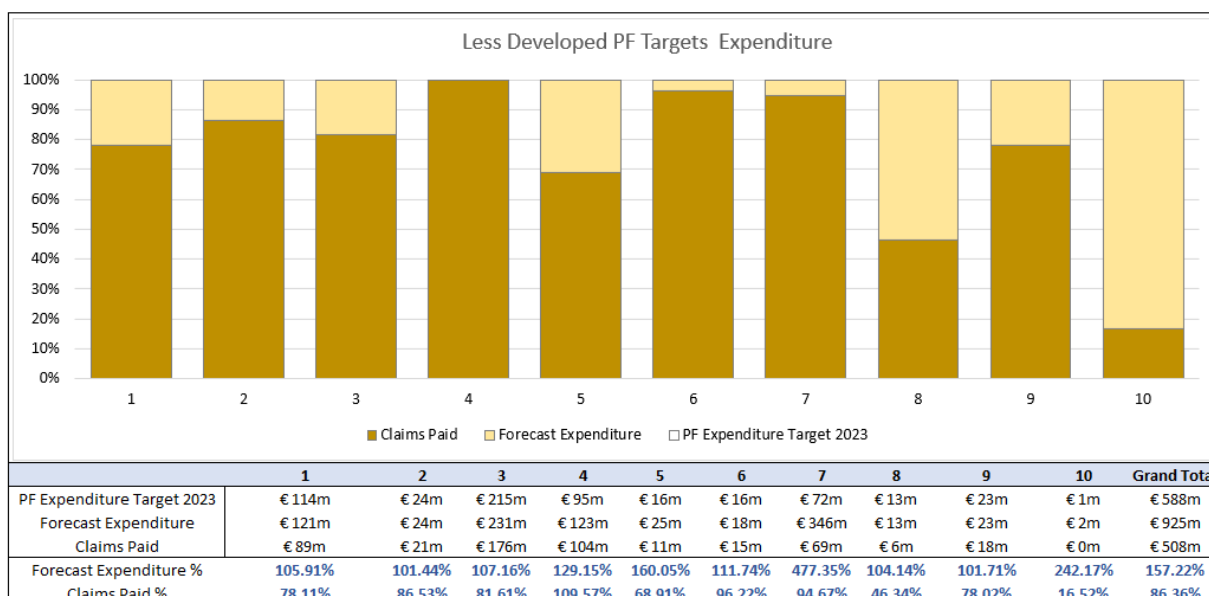
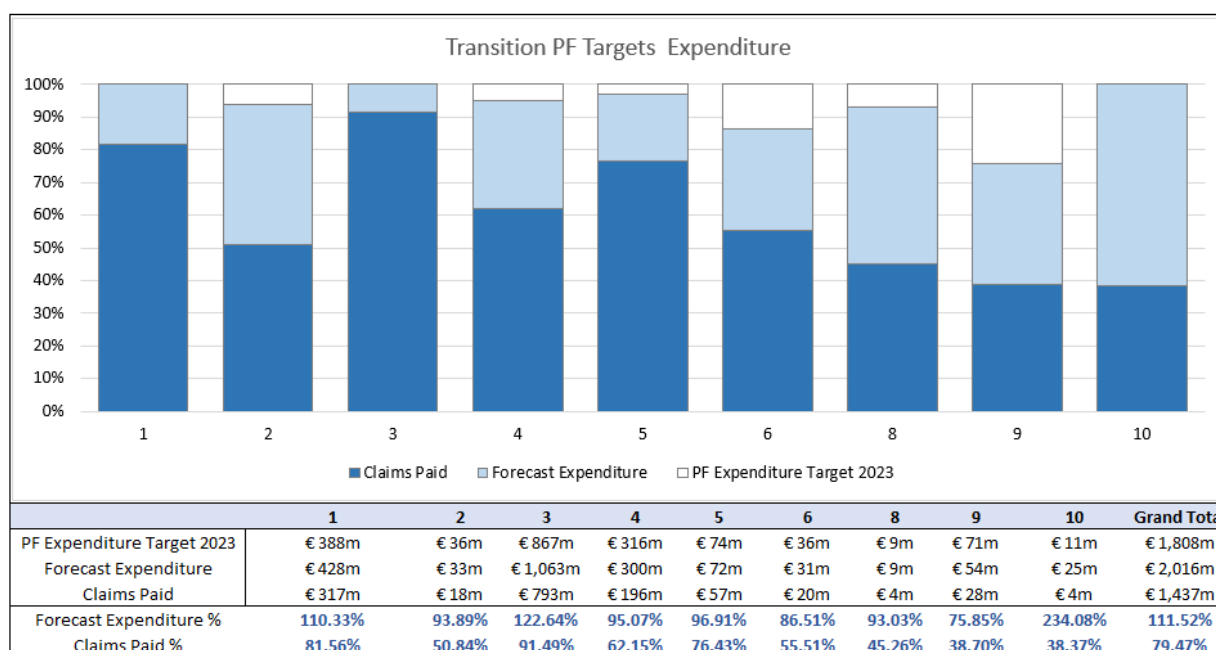
5.1. 2023 Performance Framework Expenditure targets are measured in Total Eligible Expenditure (ERDF plus match funding).

5.2. All regions have contracted sufficient projects to achieve the minimum Performance Framework expenditure threshold.

5.3. 11/25 targets (excluding PA9) have actual achievement above 65% of the minimum threshold, 7 of which are Less Developed Category of Region.

- 5.4. PA8 - All categories of region spend is < 50% to date. There are challenges in both meeting expenditure and output performance framework targets in the More Developed and Transition regions. Shortfalls in commitments in these regions will need to be considered as part of the upcoming Programme modification.
- 5.5. PA5 – since the last update two PA5 projects have been withdrawn with an ERDF value of circa £6.5m; Hebden Bridge and Riversway & Broadgate are no longer able to deliver within the programme timescales. The schemes will still be progressed by the Environment Agency (EA) without the use of ERDF over a revised timescale. Fowlea Brook (in Stoke-on-Trent) is also at risk of withdrawal due to changes in EA priorities but is also anticipated that the scheme will be progressed by the EA without ERDF over a revised timescale.
- 5.6. PA5 contracted expenditure in all categories of region remains > 65%.





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.

C34: Estimated GHG reductions.

P3: Additional businesses with broadband access min 30Mbps.

P6: Business & properties with reduced flood risk.

C23: Surface area of habitats supported.

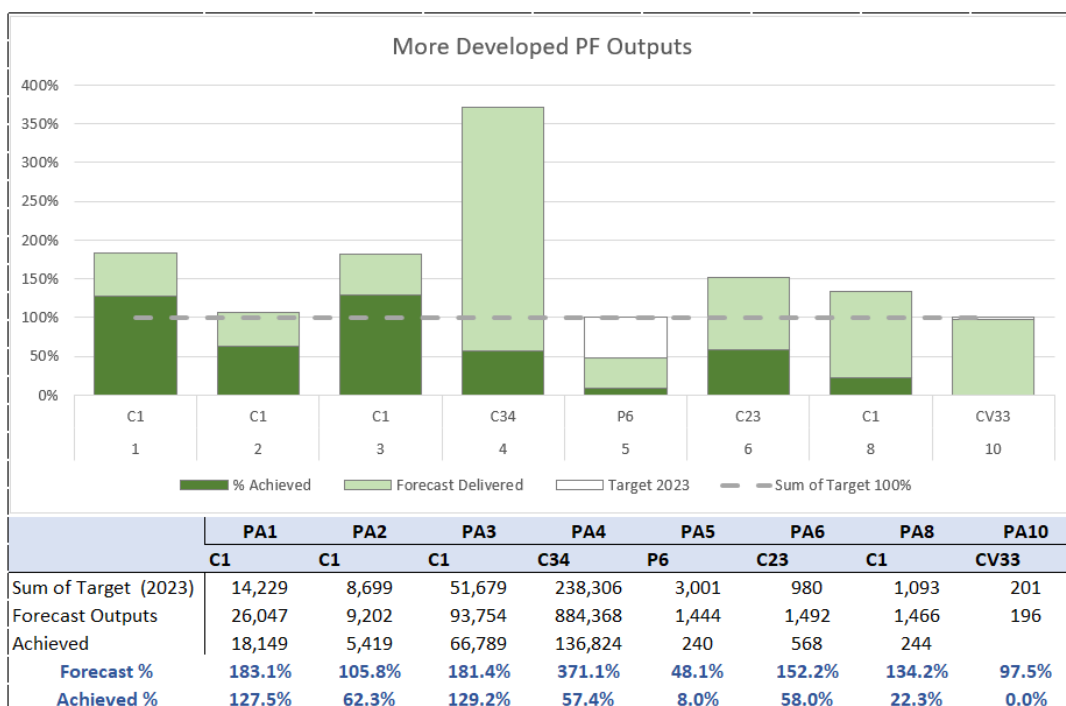
P7: Length of Railway with new/enhanced signalling.

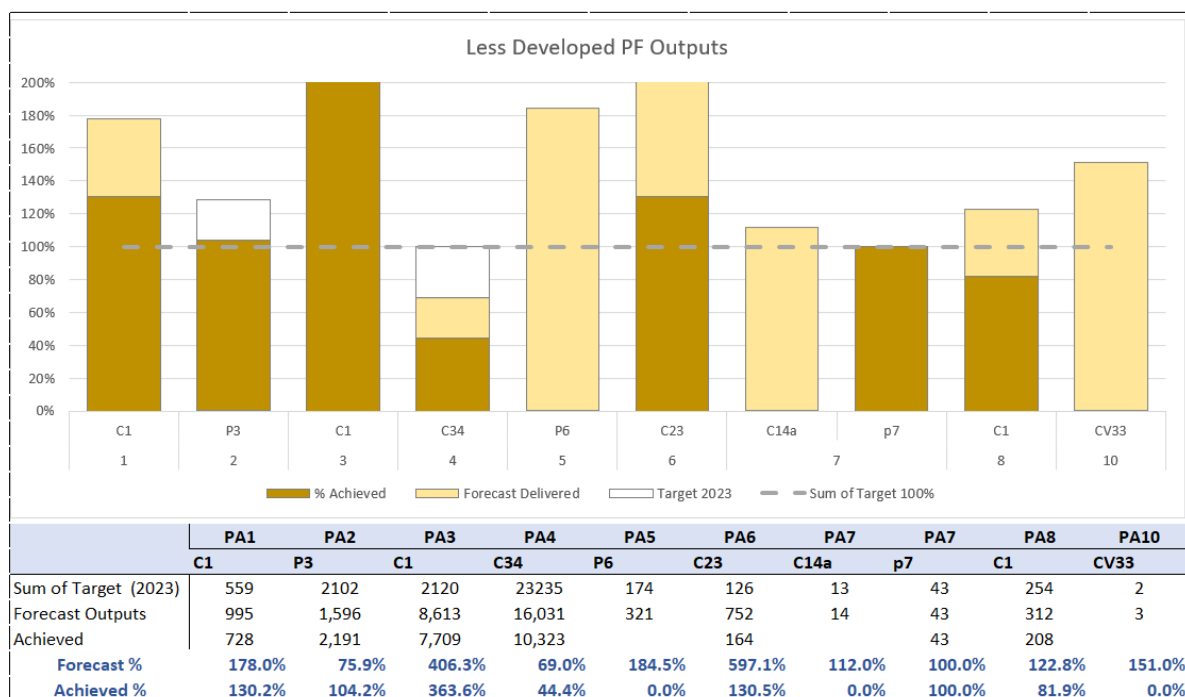
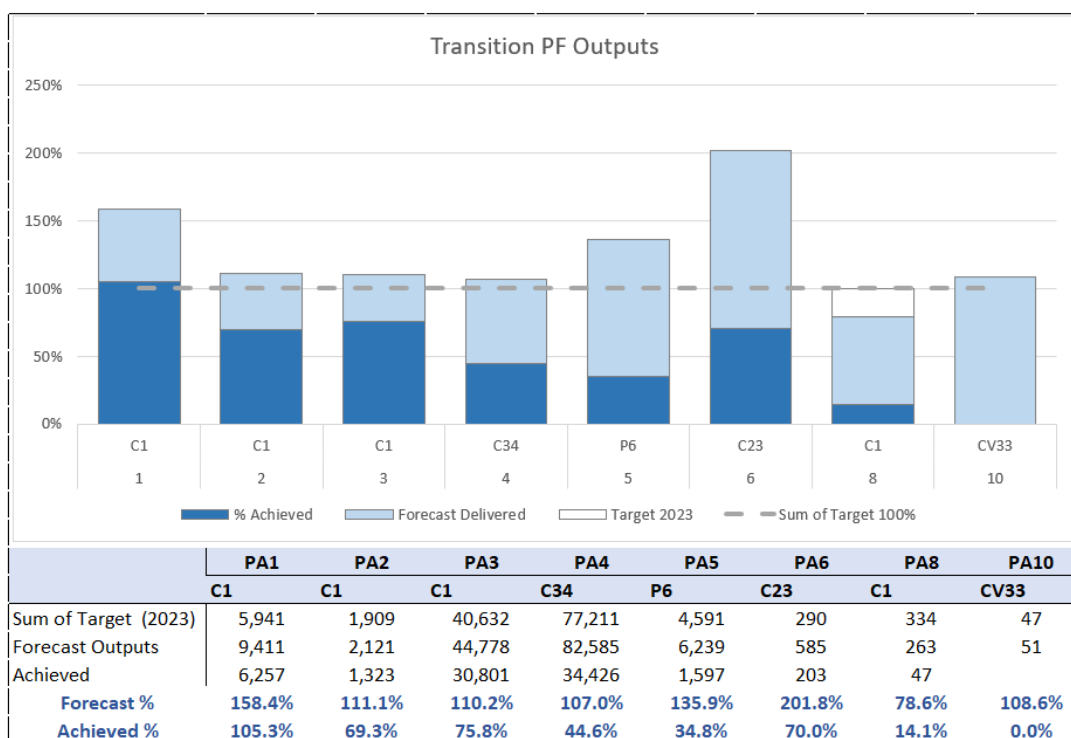
C14a: Length of track reconstructed or upgraded roads;

I6: No. of local development strategies in place.

Performance Framework Outputs

- 6.1. All regions have contracted sufficient projects to achieve the minimum output threshold with the exception of PA5 – MDR; P6: Business & properties with reduced flood risk.
- 6.2. 11/26 targets have actual achievement above 65% of the minimum threshold
- 6.3. PA8 - All categories of region. Limited expenditure incurred and with low outputs achieved to date. There are challenges in both meeting expenditure and output performance framework targets in the More Developed and Transition regions. Shortfalls in commitments in these regions will need to be considered as part of the upcoming Programme modification.
- 6.4. PA5 - MDR output target (businesses & properties with reduced flood risk) will not be achieved.





7. Financial Instruments

- 7.1. To 31st March 2022, 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 2022. The drawdown status for each fund is also included.

| Project | Invested End June 22 | Private Sector Leverage | Outputs End June 22 | Drawdown Status | Next Drawdown |
|---|----------------------|-------------------------|--|--|--|
| Access to Finance Funds | | | | | |
| Northern Powerhouse Investment Fund (NPIF) | £342,110,155 | £522,056,908 | Investments made - 1,056 Jobs Created - 6,938 New Enterprises - 109 New Product to Firm - 211 New Product to Market - 141 Non Financial Support - 537 | NPIF has now drawn down all 4 tranches of funding £140,359,192 (ERDF). | All 4 Tranches have been drawn |
| 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 all 4 tranches Total ERDF value drawn to date is £58.5m. | All 4 Tranches have been drawn |
| Midlands Engine Investment Fund (MEIF) | £184,739,654 | £280,180,016 | Investments Made - 574 Jobs Created - 2,090 New Enterprises - 79 New Product to Firm - 91 New Product to Market - 77 Non Financial Support - 193 | MEIF has now drawn down all 4 tranches of funding £78.550m (ERDF). | All 4 Tranches have been drawn |
| Low Carbon Innovation Fund II | £7,221,390 | £12,269,852 | Investments Made - 14 Non Financial Support - 20 New Enterprises - 1 | The fund has drawn down three tranches of funding which equates to £8.463m. (ERDF) | 4th draw down will take place in Q1 2023 |
| Cornwall & Isles of Scilly Investment Fund (CloSIF) | £14,005,769 | £40,245,920 | Investments Made - 49 Jobs Created - 265 New Enterprises - 9 New Product to Firm - 4 New Product to Market - 1 | CloSIF has drawn down two tranches of funding. Total drawdown £16m ERDF. | 3rd draw down will take place in Q4 2022 |
| London SME Fund (GLIF) | £29,281,104 | £63,248,651 | Investments Made - 53 Jobs Created - 228 New Enterprises - 13 | The fund has drawn down three tranches at a total of £25,500,000 (ERDF) | The 4th draw down will take place in Q1 2023 |
| 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. | All 4 Tranches have been drawn |
| 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 drawn down two tranches (£30m ERDF). | The 3rd draw down will take place in Q3 2022 |
| Liverpool City Region Urban Development Fund | £9,935,000 | £21,373,391 | Investment made - 2 Buildings renovated/created - 7,78sqm Annual decrease of GHG - | The fund has drawn down 2 tranches at an ERDF value of £12.5m | The 3rd draw down will take place in Q4 2022 |
| Cheshire & Warrington Urban Development Fund | £10,420,000 | £7,850,000 | Investment made - 2 Buildings renovated/created - 5,028sqm | First tranche was drawn down in Q2 2020 at an ERDF value of £5m | The 2nd draw down will take place in Q3 2022 |
| Lancashire Urban Development Fund | £0 | £0 | 0 | First tranche was drawn down in Q2 2021 at an ERDF value of £5m. | The 2nd draw down will take place in Q4 2022 |

- 7.3. All funds have drawdown at least one tranche of funding. A number including NPIF, MEIF, MEEF and the NE fund have now drawn down all four tranches of funding. The funds continue to perform well with several drawdowns due to take place in Q3 2022.

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

- 8.1. CLLD Accountable Bodies and Contract Managers are working closely to track forecasts for both outputs and expenditure at closure.

- 8.2. Activity has now ended for these 3 CLLD Projects and we are now in the process of closing them – Leeds South, East Leeds and Gateshead.
- 8.3. Projects are reporting delivery of performance framework C1 outputs “Number of Enterprises Receiving Support2. In relation to claims submitted (not all authorised) to date, 523 C1’s in More Developed Category of Region have been achieved (48% of the OP target), 205 C1’s in Transition (61%) and 208 C1’s in Less Developed (82%). It is unlikely that the More Developed/Transition performance framework targets will be met. The Less Developed Category of Region is performing well so far, providing confidence that the target will be achieved.
- 8.4. Total ERDF committed to CLLD Programmes is £27.93m against a Notional Allocation of £31.24m. It is unlikely that more ERDF will be requested from CLLD projects which will result in a potential final ERDF commitment of 87.68% of Notional Allocation. Contract Managers are working closely, monitoring actual performance against contracted expenditure.

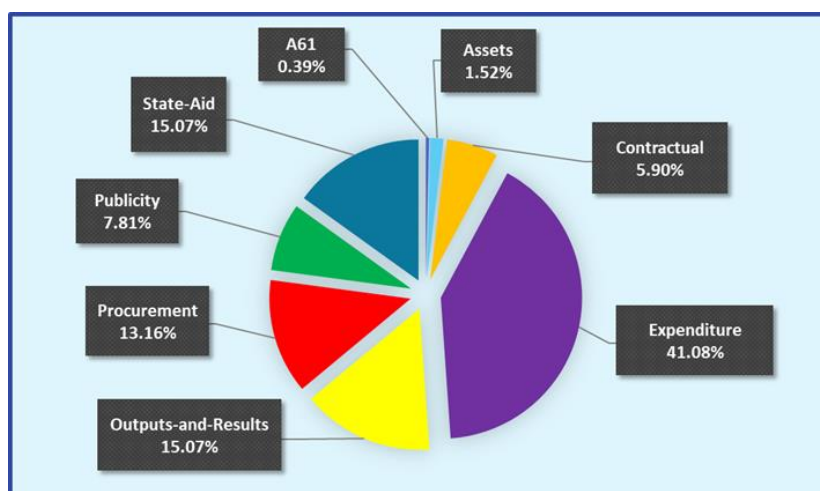
9. Reopening High Streets Safely Fund (RHSS)/ Welcome Back Fund (WBF) - Priority Axis 10

- 9.1. There is only one project running under this priority axis: a £107.8m ERDF ‘Welcome Back Fund’ project approved during the Covid pandemic specifically aimed at supporting local authorities (LAs) in England 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.
- 9.2. Following the end of the delivery phase in March 2022, the project drew to a close in September. Based on its draft final claim, the project is expected to claim £85.4m of the original ERDF grant (79.2%). The project has exceeded their output target of 250 entities supported in combating or counteracting the effects of the COVID-19 pandemic (indicator ref. PA10/IP8b/CV33) by 53 (+21.2%).
- 9.3. An evaluation (summative assessment) of the project has been completed and available upon request.

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 Assurance team provides assurance to the EC whilst reducing the impact of irregularities on the MA error rate.

- 10.2. Since the 2022 schedule began in February, 77 non-FI visits have commenced with 39 of those closed. The target for the year is 249 which includes ongoing visits from previous years and OTSVs for financial instruments; 104 visits included in this target have been finalised and closed. We constantly review visit readiness and re-prioritise visits as required.
- 10.3. OTSVs for financial instruments are carried out annually, with the FI visit year running from January to December. To the date of this report, 8 FI OTSVs, encompassing 31 sub funds, have commenced; of which 29 sub fund checks are fully complete.
- 10.4. The team are actively planning work scheduling and resourcing for programme closure and are continuing to track outstanding checks to ensure all required verifications are complete. The team are working closely with the programme delivery teams to ensure all required checks are included.
- 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 PDT on a quarterly basis.



11. Cross cutting themes

- 11.1. The Phase 3 ERDF National Evaluation includes a discrete strand of work as part of the priority axis analysis. This will draw together findings around approaches to addressing horizontal principles gathered from the evaluation work undertaken under each priority axis. This will also consider the extent to which the application of the horizontal principles helps to achieve equality and sustainability at the project level and contribute to mainstreaming.
- 11.2. The interim evaluation findings found a mixed approach by projects to horizontal priorities with some summative assessments making no reference at all to this but others having clear proactive responses.

- 11.3. On equalities, some projects actively marketed or delivered parts of the support in a targeted way to females or ethnic minority groups where these were under-represented in the beneficiary groups. Several projects highlighted ensuring full accessibility for all to any buildings used in delivering support
- 11.4. In sustainable development:
- Capital build projects typically aimed for high BREEAM ratings
 - In many cases business support projects under PA3 highlighted referring supported businesses on to energy and resource efficiency support
 - Many projects identified there were sustainability benefits built in e.g. enhanced broadband under PA2 reducing the need for travel, energy and resource efficiency benefits from PA4 and PA6, enhanced sustainable transport options under PA7
 - Several projects cited Covid-19 related factors such as reduced travel as an environmental benefit
- 11.5. Overall, while there are many good examples of positive interventions that can serve as good practice, for others the evidence of substantial interventions around horizontal priorities was found to be limited. Full evaluation findings are due by end December 2022.
- 11.6. At project level, contribution continues to be reported on through claims, with required equality and diversity data reported where applicable with claimed outputs.

12. Audit

| | | | | | | Concluded Audits | | | Draft Reports | | Outstanding | |
|---------------------|--------------|---------------|---------|-------------|--|------------------|--------|-----------------|---------------|-------|-------------|-------------|
| | Total Audits | % outstanding | % draft | % concluded | | Final | Closed | Total concluded | | Draft | | Outstanding |
| 21-22 ACR | | | | | | | | | | | | |
| Semester 1 (Jan-22) | 29 | 13.79% | 13.79% | 72.41% | | 9 | 12 | 21 | | 4 | | 4 |
| Semester 2 (May-22) | 19 | 89.47% | 5.26% | 5.26% | | 0 | 1 | 1 | | 1 | | 17 |
| 21-22 total | 48 | 43.75% | 10.42% | 45.83% | | 9 | 13 | 22 | | 5 | | 21 |
| 20-21 ACR | 39 | | | 100% | | 11 | 28 | 39 | | 0 | | 0 |
| 19-20 ACR | 58 | | | 98.28% | | 0 | 57 | 57 | | 0 | | 1 |
| 18-19 ACR | 44 | | | 100% | | 1 | 43 | 44 | | 0 | | 0 |
| 17-18 ACR | 56 | | | 100% | | 0 | 56 | 56 | | 0 | | 0 |
| 16-17 ACR | 22 | | | 100% | | 0 | 22 | 22 | | 0 | | 0 |
| Grand total | 267 | | | 100% | | 0 | 219 | 240 | | 0 | | 0 |

- 12.1. The semester 1 audit of operations sample for ACR 8, accounting year 21-22 is progressing well. As at the 21 October, 4 audits remain outstanding and draft reports currently stand at 4. This represents 27.59% of the semester 1 sample still requiring progression to conclusion in line with the ACR timetable
- 12.2. The semester 2 audit of operations sample for ACR 8, accounting year 21-22 is well underway with the majority of fieldwork having commenced. As at the 21

October, 1 audit has been concluded closed and 1 audit has had a draft report issued. 89.47% of semester 2 audit reports remain outstanding against a planned forecast of 16th December for all audits to have reached at least draft report stage.

- 12.3. With 45.83% of the annual audit sample concluded, no significant issues have been identified to date. While it's too early to gauge any meaningful performance against the error rate materiality level of 2%, the projected contribution of the concluded audits to the error rate is 0.042%. Expenditure at risk in the 5 draft reports, if concluded as irregular, will contribute an additional 0.244% to the error rate.
- 12.4. One audit from the 19-20 ACR plan remains outstanding. Expenditure was originally removed from the 19-20 accounts against this project, pending further investigation. Significant work has been undertaken to address state aid issues and the PDT continue to work with legal and stakeholders with the aim to present a state aid notification to the Commission for their consideration.
- 12.5. Three system audits have concluded in the 2022 reporting year, Delegate IBs, Reliability of performance Data – AIR and GLA IB. The later of which has been closed.

- 12.6. The draft report for the closure preparedness systems audit was received in early

| | |
|----------------------------------|--|
| Delegate IB | Category 2 – Unqualified |
| GLA - IB | Category 1 – Unqualified |
| Reliability of information – AIR | Category 1 – Unqualified |
| Closure Preparedness | Draft report, Category 2 – Unqualified |
| MA | Fieldwork underway |

October. The report outlined 2 findings, one in

relation to resourcing planning and considerations on the management and control system description, the second in relation to drafting of a post programme closure strategy.

- 12.7. EC Audit (2020); Several findings now closed. GIAA and EC discussed the final financial impact in early October. This has significantly reduced from the position late last year/early this year. Further discussions between MA-AA-GLD are proposed for November to discuss next steps.

13. Irregularities and corrections

| | Irregularity | | | SDA | | | TCA | | | Total Expenditure | Total ERDF | Total No. |
|-------------|--------------|------------|-----|-------------|------------|-----|-------------|----------|-----|-------------------|-------------|-----------|
| | Expenditure | ERDF | No. | Expenditure | ERDF | No. | Expenditure | ERDF | No. | | | |
| 2017 | £59,450 | £19,594 | 11 | 10,971 | £5,486 | 2 | | | | £70,422 | £25,080 | 13 |
| 2018 | £2,465,735 | £1,180,907 | 376 | 9,613,866 | £3,678,213 | 83 | | | | £12,079,601 | £4,859,120 | 459 |
| 2019 | £2,824,059 | £1,428,659 | 169 | 2,768,046 | £1,479,274 | 132 | £38,889 | £18,064 | 1 | £5,630,994 | £2,925,997 | 302 |
| 2020 | £4,903,213 | £2,397,127 | 108 | 797,416 | £465,464 | 101 | £102,763 | £51,381 | 1 | £5,803,391 | £2,913,972 | 210 |
| 2021 | £2,620,986 | £1,298,184 | 121 | 553,269 | £298,719 | 86 | | | | £3,174,256 | £1,596,903 | 207 |
| 2022 | £5,440,060 | £2,580,010 | 118 | 3,937,253 | £1,988,629 | 66 | £513,701 | £249,541 | 3 | £9,891,014 | £4,818,180 | 187 |
| Grand Total | £18,313,503 | £8,904,480 | 903 | 17,680,821 | £7,915,785 | 470 | £655,353 | £318,987 | 5 | £36,649,677 | £17,139,252 | 1378 |

13.1. The table above indicates the value and number of confirmed irregularities and Self-declared adjustments (SDA), by calendar year. Irregularities and SDAs are based on error in paid claims.

13.2. The following table provides a view of the irregularity by typology, by year the irregularity was confirmed (this does not include SDAs)

| Sum of exp. Total | | | | | | | |
|--|----------------|-------------------|-------------------|-------------------|-------------------|-------------------|--------------------|
| | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | Grand Total |
| assets | | | | £2,340 | | | £2,340 |
| disposal | | | | £2,340 | | | £2,340 |
| contractual | | £50,599 | £17,596 | £436,382 | £1,749,384 | £224 | £2,254,185 |
| applicant-in-breach-of-gfa | | £50,599 | £13,192 | £407,719 | £1,318,886 | | £1,790,396 |
| no-or-insufficient-evidence | | | £4,404 | £28,663 | | £224 | £33,291 |
| underperformance | | | | | £430,498 | | £430,498 |
| expenditure | £6,105 | £1,145,674 | £824,023 | £862,124 | £274,726 | £3,175,569 | £6,288,220 |
| apportionment | £30 | £17,186 | £77,549 | £12,274 | £47,454 | £22,753 | £177,246 |
| calculation-error | £516 | £183,906 | £77,618 | £100,305 | £66,180 | £15,743 | £444,268 |
| claimed-prior-to-defrayal | £51 | £43,043 | £9,236 | £341 | | | £52,671 |
| claimed-prior-to-start-of-project | | £18,324 | £7,060 | £8,647 | | | £34,030 |
| duplicate-items | | £56,398 | £2,197 | £16,608 | £3,309 | £78,840 | £157,352 |
| ineligible-expenditure | £5,505 | £774,555 | £626,752 | £701,564 | £146,198 | £3,041,443 | £5,296,017 |
| no-or-insufficient-evidence | £2 | £52,262 | £23,612 | £22,385 | £11,586 | £16,790 | £126,637 |
| outputs-results | | £3,172 | | | | | £3,172 |
| insufficient-supporting-evidence | | £3,172 | | | | | £3,172 |
| procurement | £53,345 | £1,265,949 | £1,982,440 | £169,966 | £596,877 | £2,263,235 | £6,331,811 |
| contract-implementation-above-ojeu | | £5,900 | | | £58,141 | £176 | £64,217 |
| contract-implementation-below-ojeu | | £154,708 | £36,511 | £4,441 | £1,290 | £1,300 | £198,250 |
| contract-notice-and-tender-spec-above-ojeu | | £400,980 | £1,481,551 | £40,041 | | £82,960 | £2,005,532 |
| contract-notice-and-tender-spec-below-ojeu | | £644,590 | £22,507 | £38,475 | £253,156 | £39,566 | £998,295 |
| evaluation-of-tenders-above-ojeu | £53,345 | £26,104 | £439,496 | £73,581 | £264,511 | £2,112,902 | £2,969,939 |
| evaluation-of-tenders-below-ojeu | | £33,665 | £2,375 | £13,427 | £19,780 | £26,330 | £95,578 |
| publicity | | £342 | | | | | £342 |
| non-compliance-with-publicity-requirements | | £342 | | | | | £342 |
| state-aid | | | | £3,432,401 | | £1,032 | £3,433,433 |
| non-compliance-with-state-aid-solution | | | | £3,432,401 | | £1,032 | £3,433,433 |
| Grand Total | £59,450 | £2,465,735 | £2,824,059 | £4,903,213 | £2,620,986 | £5,440,060 | £18,313,503 |

13.3. Within the 2022 irregularities typology values, ineligible expenditure and Procurement- evaluation of tenders above OJEU, are the stand out values. Drilling into this the evaluation of tenders above OJEU category value relates to 3 irregularity cases, one of which was for £1.65m representing 78% of the category irregular value. This was identified through A127 audit. The ineligible expenditure category value relates to 46 irregularity cases, one of which was for 2.85m representing 94% of the category irregular value. This case was in relation to a change of use of an asset resulting in the expenditure being no longer eligible.

13.4. The 2 individual cases identified above represent 82.7% (£4.5m) of the current confirmed total irregularity value in 2022, £5.44m. This therefore provides a level of assurance that errors at this time are not systemic or exposing potential weaknesses in our controls.

14. Sustainable Urban Development

14.1. There is a regulatory requirement that at least 5% of the ERDF resources allocated at UK level are committed to SUD.

- 14.2. The level of ERDF committed to live SUD projects is £277m (94.46%) of the SUD allocation – no change since the last Growth Programme Board report. There are no further projects in pipeline.

| | | |
|---|--------------|--------|
| ERDF Contracted to live projects | £277,000,000 | 94.46% |
| Not Contracted | £16,250,000 | 5.54% |
| Balance remaining | £0.00 | 0.00% |
| Total SUD value | £293,250,000 | 100% |



European Union

European Structural and Investment Funds

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, 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 |