

Coast to Capital Board Meeting No. 30 14 July 2016	Ref No. 30.17
Report Title: European Structural and Investment Funds Progress	
Report by: Kathy Vuillaume	
Presented by: John Peel	
<p>Recommendation</p> <p>The Board is asked to note the contents of this paper</p>	

EU referendum and possible impacts on ESIF

1. The UK voted to leave the EU on 23 June 2016. On 24 June Government issued a strong statement that it was "business as usual". No official statement has been issued yet regarding the overall ESIF programme.
2. However, the different managing authorities (MAs) and opt-in organisations which administer these funds are already showing different attitudes. On 5 July, we heard from our Growth Delivery Team at DCLG (ERDF) that there is a pause at the moment on issuing new grant funding agreements. We heard from DEFRA (EAFRD) also on 5 July that there are still pursuing with our first round assessments and that they are expecting to issue the next round of calls at the end of September as per plan. We have not heard any official line from DWP (ESF), however they cancelled all their meetings with individual LEPs this month until further clarifications is known post referendum. Our Big Lottery Funding (BFL) Opt-in is carrying on as per plan. Neither SFA nor DWP opt-in organisations have made any official statement.
3. Our ESIF programme is committed for a period of seven years from 2014-2020 and we expect to be allowed to spend our entire budget over this period. However, in truth, this will depend on the outcome of the negotiations between Westminster and Brussels. We will not know until the Government is formed in September what is our approach to managing departure from the EU institutions and funding programmes. We will not know until these negotiations are further advanced what approach the Government will take to structural funds or their replacement, and what role LEPs will have in the administration of a future regime.

4. In addition to dealing with the uncertainties until new trade models are being negotiated, there is a practical challenge short-term of getting Government and the different MAs to raise their game on delivery. Instead of 'business as usual', we really need the MAs to work faster than usual. We should try to commission and spend our remaining allocation quickly. However, this is tricky with the slowness of the MAs and the additional fact that Central Government is now going to be very busy with the negotiations and the reshuffle of ministerial positions over the coming weeks. A new EU Department 'Brexit Team' is being set up in Central Government. In addition, a pause on contracting has just been announced.
5. We discovered recently after carrying some intelligence and comparing results between GDTs (ERDF) that in the South (across six LEPs) no ERDF contract have been issued yet. Whereas as a comparison with the East, there are already 12 Grant Funding Agreements (GFA) signed by both parties and in operation (compared with 72 GFA signed nationally). While the process of issuing calls started at the same time, there is a significant difference of speed of assessments and contracting processes between GDTs areas and we, in the South are getting a measurably poorer service from the ERDF MA than other parts of the country. This is a serious issue as we seem to be penalized compared to other LEPs in the country and putting our national allocation at risk. This is reflected on our spending profile presented in the ERDF dashboards at Annex 2. We only have 24% of ERDF value of applications in process compared to 42% nationally (including signed contracts).
6. We should push government to press ahead with contracting projects in the pipeline. We are running a Coast to Capital ERDF consultation event on 7 July with key stakeholders to test appetite for further EU calls in our area and to adjust future specifications to the new economic context. LEPs ought to lobby for simplified processes on ESIF funding and to contribute in the new vision/plan for England.
7. Interesting fact, as the ESIF programme is agreed in euros between Central Government and the Commission, the more the British pound depreciates the more EU funds we shall have to spend (quickly)! The exchange rate is revised every six month.
8. The situation on other EU funds (apart from the structural funds) such as Horizon 2020, INTERREG etc will be made difficult as these often need EU partners and will rely on the willingness of other EU countries to take the risk to accept British universities/businesses in forming consortia during this phase of uncertainties pending the result of the negotiations. This will affect our Coast to Capital Universities, relying to some extent on EU innovation funds.

ANNEX 1

Update on delivery progress

Coast to Capital Calls for European Regional Development Fund (ERDF) projects update and Technical Assistance activities

9. ERDF pipeline projects update;

"DRIVA" by University of Brighton - Priority Axis 1 - Project to engage CDIT SMEs in collaborative research with HEIs - £500,000 ERDF – the Full Application was Quality Assured by DCLG and they asked the applicant to resubmit it, with a deadline of 29 July.

"BRAIN" by Sussex Innovation Centre – Priority Axis 1 - Innovation vouchers in priority sectors and technology futures - £600,000 ERDF – Applicant has been invited by DCLG to submit a Full Application, with the deadline for that being 29 July.

"Care through Innovation" by University of Chichester – Priority Axis 1 - Innovation vouchers in priority sectors and technology futures - £500,000 ERDF - Applicant has been invited by DCLG to submit a Full Application, with the deadline for that being 29 July.

"Export Asean" by GLE Enterprise – Priority Axis 3 - Enhancing the Competitiveness of SMEs - Improve business support for all stages of SME development and growth - £1,075,601 ERDF – the Full Application was looked at by the ESIF Committee for strategic fit and passed so DCLG should be issuing a Grant Funding Agreement soon.

"Cross-LEP International Trade" by GLE Enterprise – Priority Axis 3 - Enhancing the Competitiveness of SMEs - Improve business support for all stages of SME development & growth - £500,000 ERDF – Appraisal of Full Application is underway at DCLG.

"SWAT" by Surrey County Council – Priority Axis 4 - Supporting the shift towards a low carbon economy - Support for Wood Fuel enterprises - £1,095,000 ERDF - DCLG are currently appraising the Full Application. The project will be brought before the ESIF Committee for their views on its strategic fit at the October ESIF Committee Meeting.

10. ERDF round 4 call opened on 28 April 2016 closed on 10 June with two specifications issued on Low Carbon (priority 4):
- Coast to Capital call to stimulate demand for low carbon solutions and technologies in the wider economy worth £1m ERDF
 - Coast to Capital call to develop the low carbon environmental goods and services sector or sub sectors where Coast to Capital has an existing strength (smart specialization) worth £750k.
- One project was received against each specification and these are currently going under assessment.

11. *ERDF Low Carbon Promotional Event*: an informative and networking event on 19 May was attended by 30 stakeholders coming from public and private sectors to launch the two ERDF low carbon specifications.

Guest speakers included DCLG and also DECC. 1-2-1 sessions were also offered to Lead Partners

12. Our business support pipeline project led by Prevista has been stopped at full application stage. An ERDF consultation event is planned on 7 July with local stakeholders to review needs and feed into the preparation of a new specification.

13. *ERDF Technical Assistance (TA)*: Coast to Capital recently received a final query on state aid on the ERDF Technical Assistance bid involving Brighton & Hove Council and Surrey County Council. The Lead partner and delivery partners are currently responding to this last query before the exchange of contracts can take place.

Matthew Heath, our ERDF Project Manager started on 1 June 2016.

14. The next round of ERDF calls will open from a window 18 July until end of July and close on 30 September (please note these dates are subject to change post referendum statement)

Coast to Capital Calls for European Social Fund (ESF) projects update and Technical Assistance activities

15. Under our opt-in arrangement with the BIG Lottery Fund (BLF), ten Calls were issued which closed on 3 August 2015. These Calls were for projects aimed at those furthest from the labour market. A total of 53 applications were received and nine applications were invited to progress to full application stage. The full assessments of the remaining second stage applications are completed by the LEP Team as soon as those are released by BLF. Currently, we have one ESF project approved and Royal British Legion Industries won a grant of £326,550 to deliver a project called 'Inspiring the Working People of Tomorrow' to work with 350 individuals who have been unemployed for some time and create opportunities for returning to work in our LEP area. The other eight full applications will go to the BLF panel on 4 July and results will be communicated to all applicants the week commencing 18 July.

16. BLF re-issued a call on social enterprise closed on 16 May 2016. 15 applications were received against that call. The LEP Team completed the 15 outline assessments on 24 June. These are now going through the BLF internal process.

17. BLF process seems not altered by the EU referendum and assessments carry on proceeding at speed.

18. SFA Opt-in: one single bid worth £1.5m covering three lots was issued on 27 May and closing on 27 June 2016. It covered:

- the intermediate and high level skills for employed
- the intermediate and high level skills for unemployed
- the workforce development, narrowed down to literacy and numeracy skills.

One TA promotional event dedicated to SFA calls was organised on 9 June. There were a total of five submissions received, 11 bids in total against the lots.

19. DWP Opt-in: £1.5 m under "employability" closed on 15 June 2016. A tender launch event C2C/DWP was organised on 23 May 2016 to promote opportunities and facilitate partnership development. Notification to applicants are expected the week commencing 12 September 2016

20. The ESIF committee approved on 10 June a briefing paper for the publication of a first ESF direct call worth £500k ESF to support NEET provisions. It will cover three lots:

- tracking and monitoring
- re-engagement provision
- route into traineeships, apprenticeships and supported internships

We are currently liaising with DWP MA to discuss appropriate timing for issuing this direct call. Please note that following the referendum DWP MA had cancelled all its meetings with LEP scheduled in July until further clarification is available.

21. We received a round of queries on our ESF TA which Coast to Capital and its partners Surrey County Council and Brighton & Hove Council responded to 22 June. We are now waiting for our grant agreement to be issued.

Coast to Capital Area European Agricultural Fund for Rural Development (EAFRD)

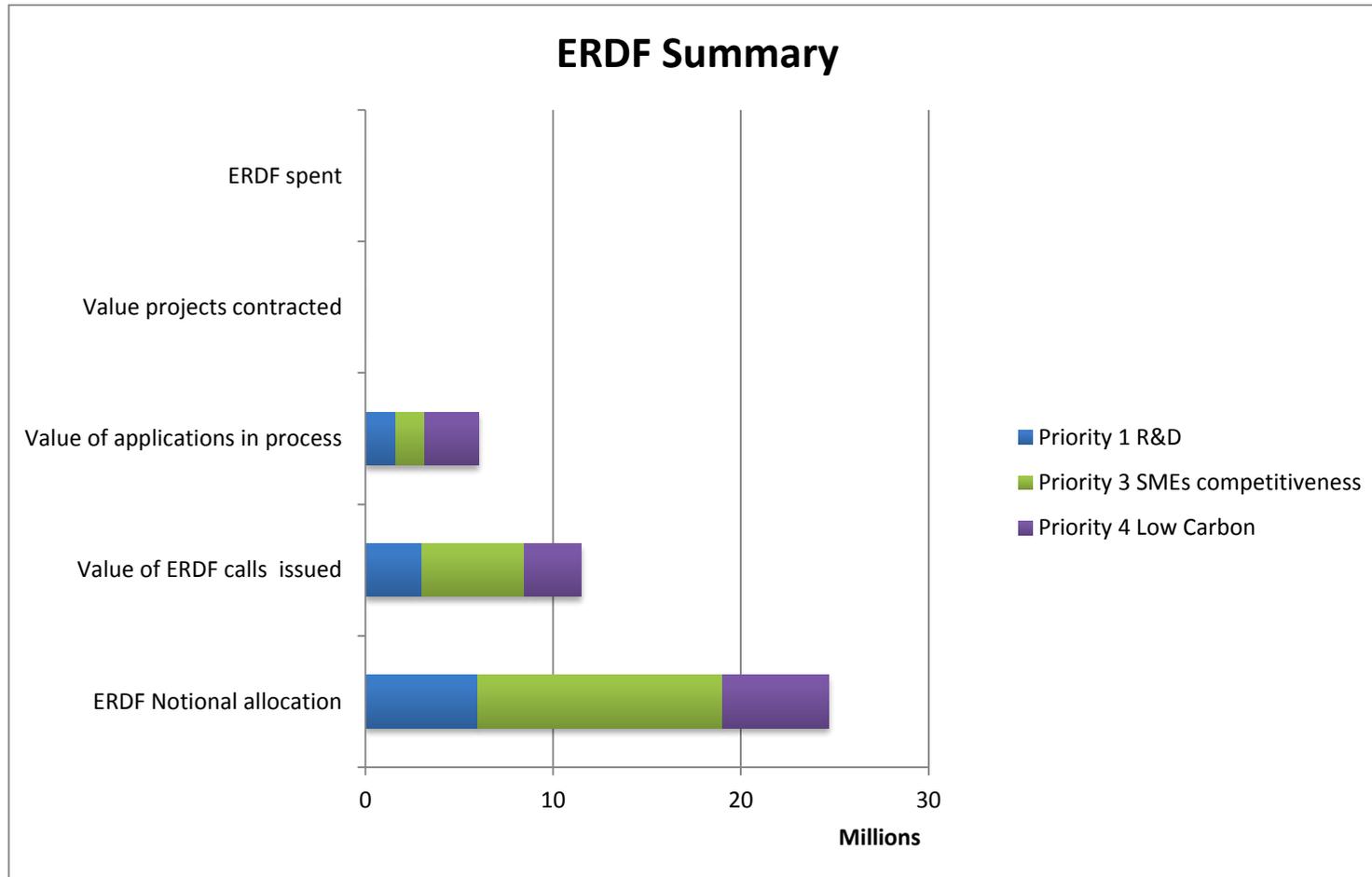
22. A Call was issued for projects to improve the rural tourism offer in the Coast to Capital area closed on 30 October 2015. Grants were made available from £35,000 to £80,000. 10 applications were received and were assessed by the MA. An additional ESIF Committee took place on 16 February to give strategic advice on those applications and recommended seven applications to be approved. The EAFRD MA called an additional meeting on Friday 11 March to revisit some of these decisions post ESIF Committee. Subsequently, two applications were asked to combine and two bids were rejected by Defra. As a result five possible projects are currently asked to proceed to full application.

23. Discontent on the process including the way in which the Committee's advice has been overridden by Defra and complaints have been forwarded to the national partnership review. In addition, some of the applicants put formal complaints to Defra.

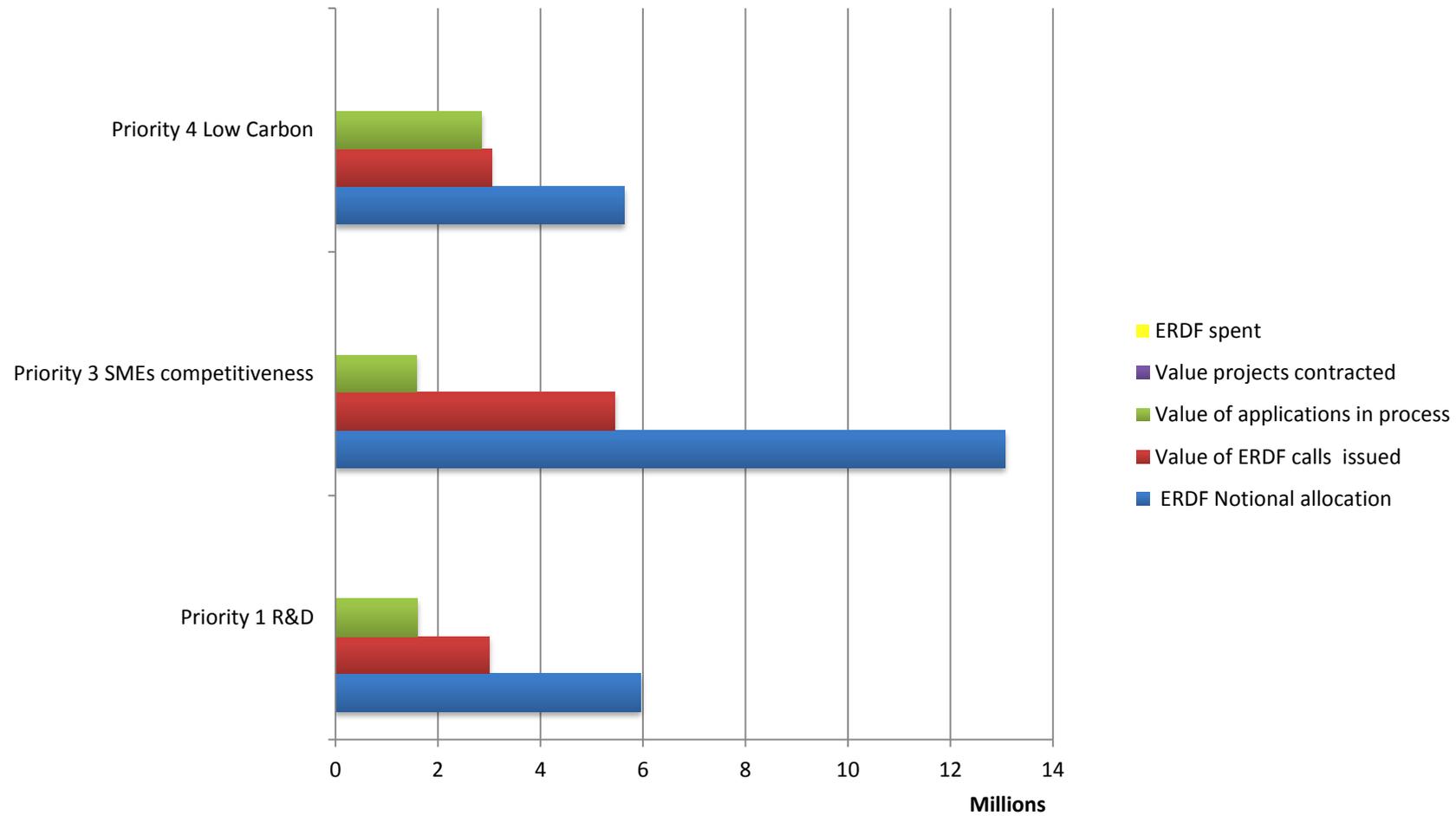
24. In order to help the applicants to revisit their approach and facilitate synergies, Coast to Capital invited the five lead applicants to a workshop on 14 June. A set of clarifications was sent to Defra and we are waiting for answers. The outcome of full application stage will be known in mid-October.

25. We are starting the process of developing our input on future Calls under EAFRD. Although the timetable has not been confirmed by

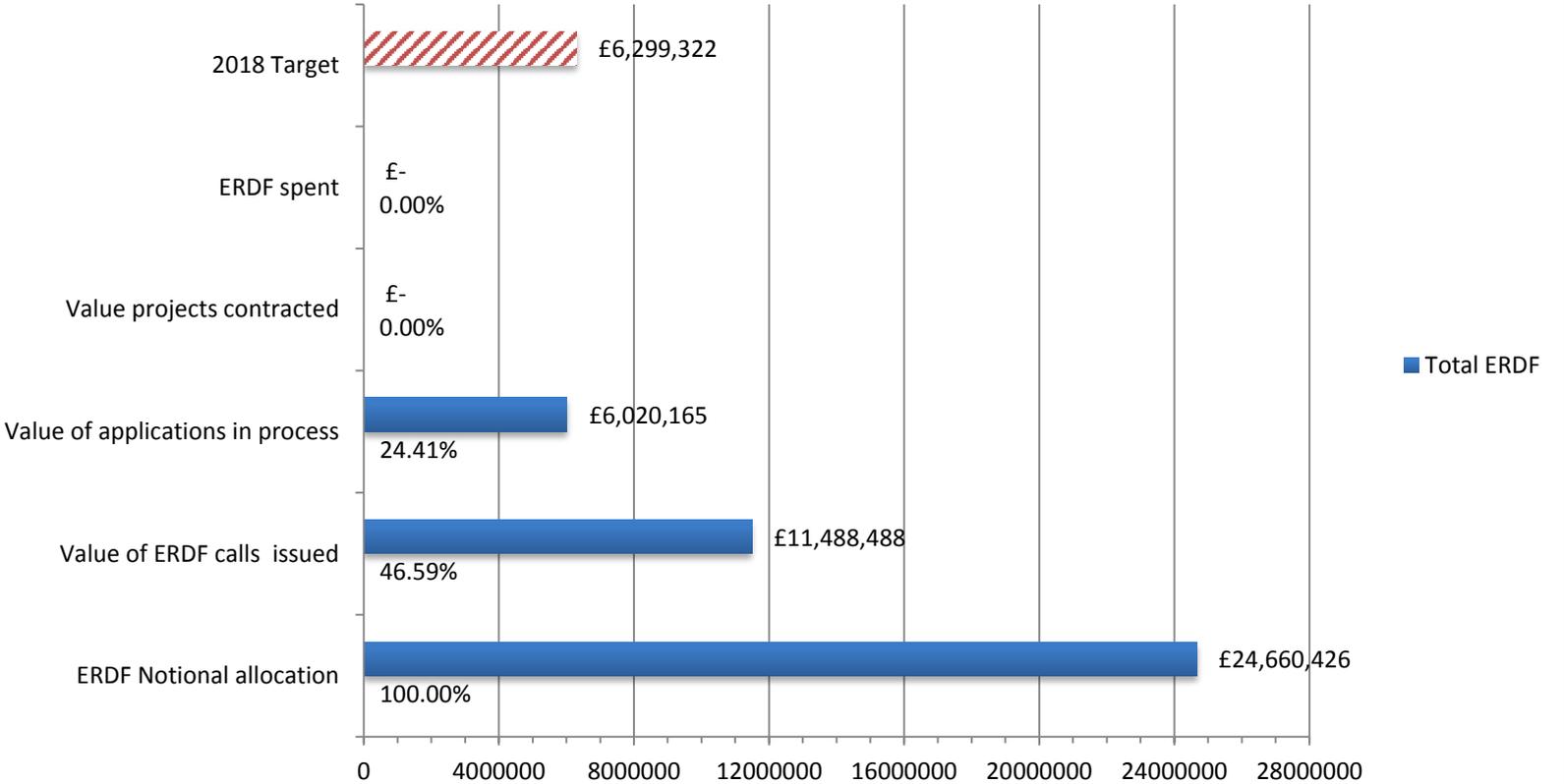
Defra, there are expected to be some further calls for SME development, tourism and food and drink late summer (these maybe subject to change post referendum). In any case, these possible areas of calls do not directly align with our original ESIF priorities so we are meeting with Defra on 5 July to discuss how to approach next round of calls.

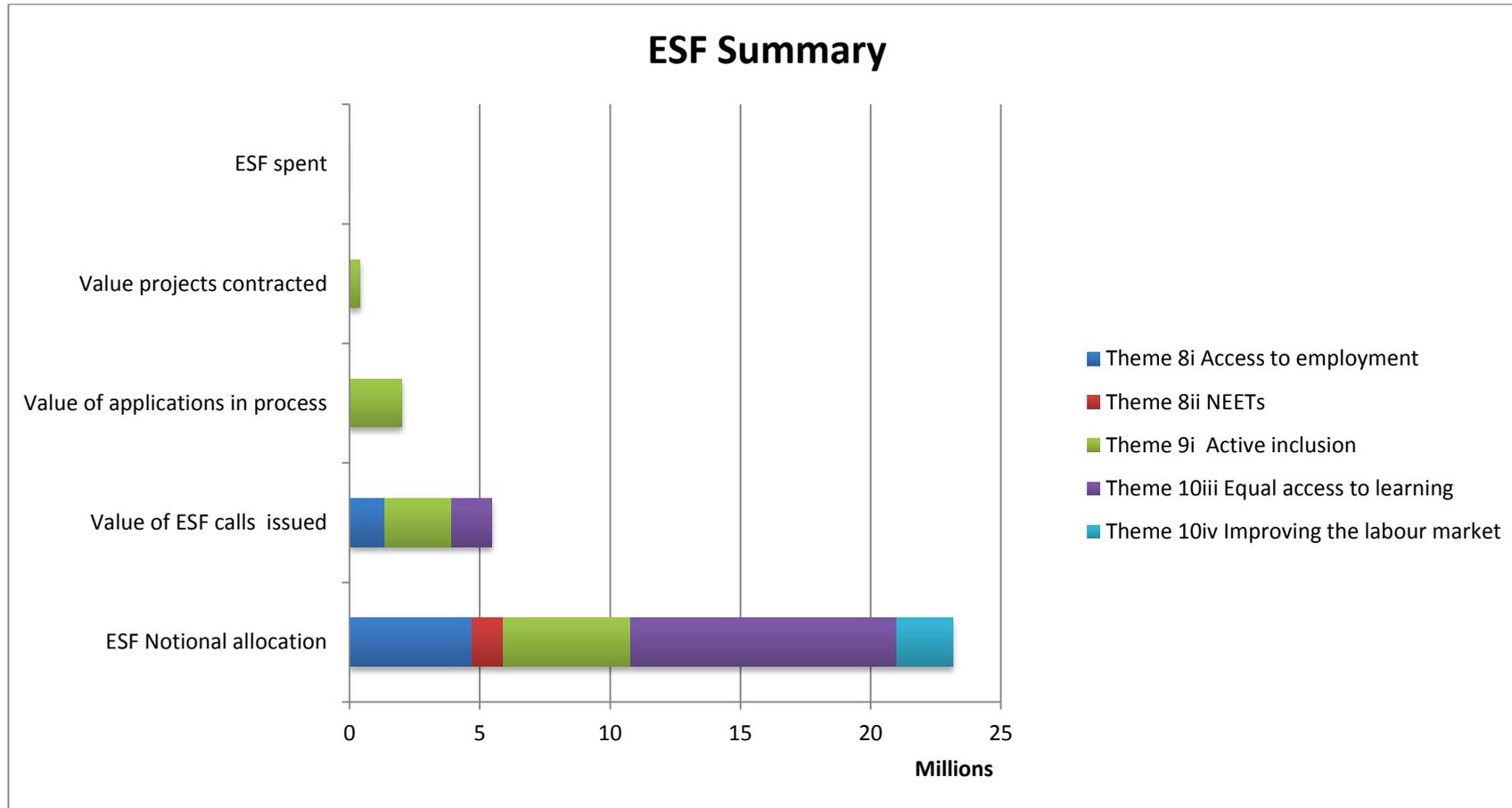


ERDF Priorities

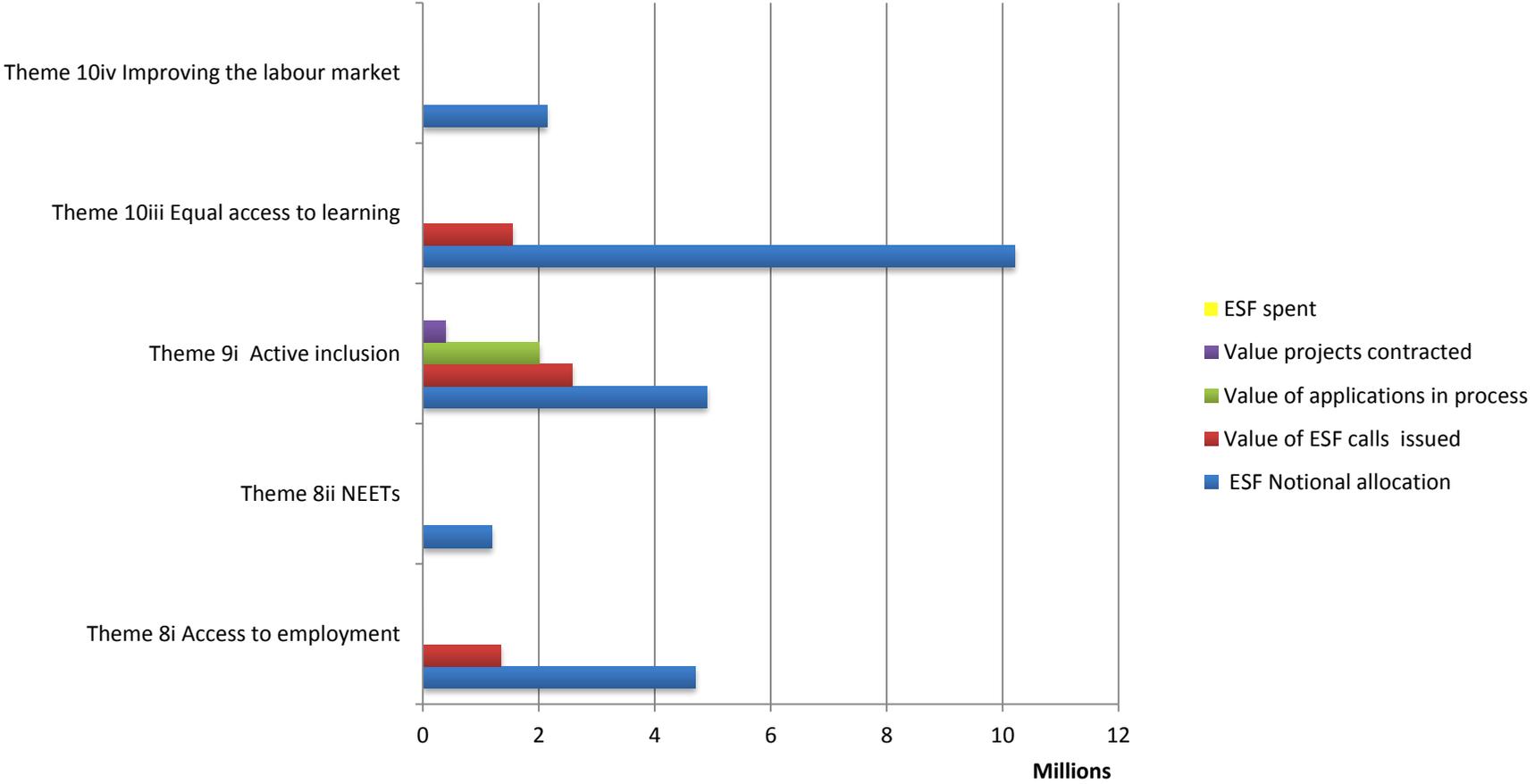


ERDF Total budget and spent target





ESF Priorities



ESF Total budget and spent target

