

**Cheshire and Warrington Local Enterprise Partnership
Performance and Investment Committee**

Title: ESIF Update

Agenda Item: xx

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Date of Meeting: 18th Sept 2019

1. European Regional Development Fund (ERDF)

Latest information provided by MHCLG in July 2019 shows the headline position as below.

ERDF Headline Summary (as at July 2019)		Finance			
	<i>priority</i>	<i>total programme allocation</i>	<i>total live or under consideration</i>	<i>%age live or under consideration</i>	<i>balance remaining to invest</i>
1	Research and Innovation	£22.690m	£18.430m	81%	£4.259m
2	Digital	£3.578m	£0.522m	15%	£3.056m
3	Business Support	£27.687m	£24.476m	88%	£3.210m
4	Low Carbon	£16.368m	£13.504m	83%	£2.864m
	total	£70.323m	£56.932m	81%	£13.389m

The above figures include the 2018 increased allocations due to exchange rate fluctuations. (Without those increases, our “live or under consideration” rate would be c. 90% of our original allocation.)

The final round of locally administered calls is currently live, running to the following timetable –

28 th June 2019	calls went live
30 th Sept 2019	deadline for outline applications
mid Nov 2019	outline bids assessed by MHCLG and discussed at ESIF Committee
Mar 2020	full applications completed and final allocation decisions made

This is a nationally set timetable for every LEP area. In Cheshire and Warrington’s case, it means that the local priorities sections of the calls had to be written before the Local Industrial Strategy (LIS) work had been completed. The calls are therefore fairly generic “catch all” style, to set a framework for potential bids.

The Priority 1, Research and Innovation, call also includes Halton, in order to include delivery at Sci-Tech Daresbury, if there is an appropriate application.

The Priority 4, Low Carbon, call is a pan-LEP call, totalling £7.960m, aimed at encouraging one coherent project to cover the whole of the North West.

Discussions with potential applicants indicate that the following bids might be expected –

Priority 1, Research and Innovation

- phase II of the existing SMART Cheshire project (application already approved by written procedure)
- supporting manufacturing organisations to adopt digital technologies (led by a consortium of HE institutions at Sci-Tech Daresbury)

- supporting oncology research and development of new products (led by the Medicines Discovery Catapult and Alderley Park Accelerator)

Priority 2, Digital

- extension of broadband coverage and associated business support (led by Cheshire East Council)

Priority 3, Business Support

- a capital refurb and associated business support in Ellesmere Port (led by CWAC Council)
- a capital refurb and associated business support in Warrington (led by Langtree)
- phase II of the existing Business Growth Programme project (led by Universities Economic Development Unit)

Priority 4, Low Carbon

- A pan LEP project promoting research and innovation in, and adoption of, low-carbon technologies (led by a consortium of NW universities)

After this round of calls has closed, the intention is for the ERDF programme to transition to a centrally administered Reserve Fund towards the end of 2019, so the current timetable represents the last time that we will have local input to the priorities to be addressed and locally based assessment and decision making. Any unspent allocations from this final round of locally administered calls, plus any future exchange rate increases and underspends from live projects will go into the new Reserve Fund.

A full list of current projects is included at Appendix 1.

2. European Social Fund (ESF)

The second procurement round, with funding calls launched in summer 2018, is now nearing completion. A headline summary is shown below.

ESF Procurement "Round 2" (summer 2018) (as at May 2019)					
	<i>IP</i>	<i>ESF available</i>	<i>Project</i>	<i>ESF requested</i>	<i>ESF remaining</i>
live	1.1	£7.448m	Skills Support for the Unemployed (People Plus)	£7.260m	£0.188m
	2.2	£1.165m	The Pledge (Youth Federation)	£1.165m	£0
being assessed	1.2	£2.552m	Journey First (Cheshire East Council)	£2.552m	£0
	1.4	£2.933m	Journey First (Cheshire East Council)	£2.900m	£0.033m
	2.1	£14.813m	Skills for Growth (University of Chester)	£14.813m	£0
		£28.911m		£28.690m	£0.221m

Revised Notional Allocations, announced late in 2018, have made further ESF monies available due to fluctuations in exchange rates. The additional funding equates to an 11.5% increase applied consistently across each Investment Priority. We are also in discussions with DWP and ESFA about whether underspends from projects which have

now finished can be made available for inclusion in our final round of locally administered calls. A headline summary is shown below.

ESF allocations and future calls (as at Aug 2019)					future calls (x3)	
IP	previous ESFA co-financed projects (now finished, with expected underspends)	underspend (caveat - awaiting ESFA final position)	currently anticipated allocation for final calls (rounded)	total allocation if ESFA underspends came back to C&W		
IP1.1	People Plus	£200,596	£1,791,000	£1,991,596	}	merged call Nov - Dec 2019
IP1.2	Interserve	£1,346,230	£726,000	£2,072,230		
IP1.4	no ESFA project	£0	£973,000	£973,000		
	subtotal	£1,546,826	£3,490,000	£5,036,826		
IP2.1	Calderdale College	£579,052	£2,255,000	£2,834,052	}	aim is to get more budget in IP2.2, but not through a merged call Nov - Dec 2019
IP2.2	Cheshire College S&W	£101,859	£215,000	£316,859		
	subtotal	£680,911	£2,470,000	£3,150,911		
	grand total	£2,227,737	£5,960,000	£8,187,737		

A request for an extension to the current New Leaf project is still under consideration at time of writing. If confirmed, that would take up around £1.7m of the £3.49m available (or £5.036m if previous project underspends come back into our allocation) for “people into jobs” projects under IP’s 1.1, 1.2 and 1.4.

For the final call, ESIF Committee members are also keen to take a wider approach, looking more at early intervention, prevention, inter-generational issues, family background etc. Anything that can be done to try and stop the pipeline of people who would eventually become participants, maybe also including police and health services as potential partners.

After this round of calls has closed, the intention is for the ESF programme to transition to a centrally administered Reserve Fund towards the end of 2019, so the above timetable represents the last time we will have local input to the priorities to be addressed. Any unspent allocations from this final round of locally administered calls, plus any future exchange rate increases and underspends from live projects will go into the new Reserve Fund.

3. Rural Development Programme for England / Rural Growth Fund

The Rural Growth Fund is closed to new applications. Two funding rounds have been run, resulting in a total of £2.54m worth of full applications, equating to 16 projects, being received.

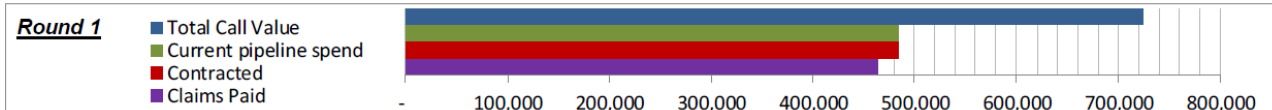
Grant Funding Agreements have so far been issued to 10 projects worth £1.59m. There still remains sufficient demand in the Cheshire and Warrington LEP area to spend the full allocation.

Latest data available, provided for ESIF Committee in May 2019, is shown below.

Cheshire and Warrington ESIF EAFRD Management Information

Notional allocation £ 2,492,600

Growth Programme Round 1	Total		Business Development		Food Processing		Tourism	
	Projects	Value £	Projects	Value £	Projects	Value £	Projects	Value £
Total Call Value	-	725,000		450,000		275,000		-
Current pipeline spend <small>EOI + Endorsed + FA + Approved - Not Viable</small>		483,497		310,109		173,388		-
Claims Paid	-	464,105		310,109		153,996		-
EOI Received	20	2,159,121	11	957,881	4	426,724	5	774,516
Endorsed for full application								
Full Applications Received	6	560,779	3	310,763	2	189,200	1	60,817
Contracted	5	483,497	3	310,109	2	173,388	-	-
Applications no longer viable	15	1,623,503	8	648,987	2	200,000	5	774,516
Drop out rate	75%	75%	73%	68%	50%	47%	100%	100%



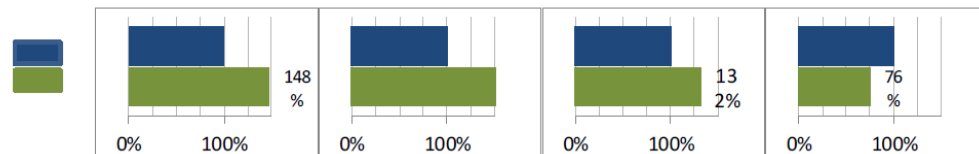
Growth Programme Round 2 25/01/2017 - 31/01/2018

Growth Programme Round 2 25/01/2017 - 31/01/2018	Total		Business Development		Food Processing		Tourism	
	Projects	Value £	Projects	Value £	Projects	Value £	Projects	Value £
Total Call Value		2,009,103		575,103		434,000		1,000,000
Current pipeline spend <small>EOI + Endorsed + FA + Approved - Not Viable</small>		2,968,451		1,640,372		571,961		756,118
Under(Over) Programmed		(959,348)		(1,065,269)		(137,961)		243,882
Claims paid		245,489		109,200		136,289		-
EOI Received	37	4,831,294	20	2,480,621	2	574,000	15	1,776,673
- EOI In Progress	-	-	-	-	-	-	-	-
Endorsed for full application	32	4,292,594	18	2,265,521	2	574,000	12	1,453,073
Full Applications Received	16	2,540,811	10	1,237,876	2	611,634	4	691,302
- FA In Progress	5	741,320	4	613,726	-	-	1	127,594
Contracted	10	1,590,544	6	624,059	2	571,961	2	394,524
Applications no longer viable	17	1,876,243	7	794,984	-	-	10	1,081,258
Drop out rate	46%	39%	35%	32%	0%	0%	67%	61%

Round 2

Total call value

Current pipeline spend



As with ERDF and ESF, there will now be a National Reserve Fund for the Rural Growth Programme, with a round of calls in 2020. This will give Cheshire and Warrington business a further opportunity to apply, even though our previous area-specific allocation has been fully subscribed. Business Development and Tourism Infrastructure are the themes confirmed so far, with a third theme of Food Processing under consideration.

Appendix 1

Cheshire and Warrington ERDF Projects (as at July 2019)

<i>priority</i>	<i>status</i>	<i>project name</i>	<i>grant recipient</i>
1	live	Next Business Generation – Life Science Support Programme	BioCity Group Ltd
1	live	Northern Powerhouse Investment Fund	British Business Financial Services Ltd
1	live	SMART Cheshire	Manchester Metropolitan University
1	live	Innovation to Commercialisation (I2C)	University of Chester
1	live	Alderley Park Accelerator	BioCity Group Ltd
1	live	UDF Cheshire and Warrington	Cheshire East Council
1	full	Greater Innovation for Smarter Material Optimisation “GISMO”	Lancaster University
1	full	SMART Cheshire (phase 2)	Manchester Metropolitan University

<i>priority</i>	<i>status</i>	<i>project name</i>	<i>grant recipient</i>
2	live	Digital 2020 Programme	Cheshire East Council

<i>priority</i>	<i>status</i>	<i>project name</i>	<i>grant recipient</i>
3	live	Cheshire and Warrington Growth Hub and Growth Advice Service	Blue Orchid Enterprise Solutions Ltd
3	live	Northern Powerhouse Investment Fund	British Business Financial Services Ltd
3	live	Enhancing SMEs International Trade Performance	Chamberlink Ltd
3	live	Support and Workspace for Business in Key Growth Sectors	Cheshire West and Chester Council
3	live	Pan-LEP Specialist Manufacturing Service	GM Business Support Ltd
3	live	Building Capacity and Capability in Health and Life Science Businesses (C&W)	Innovation Agency
3	live	Cheshire and Warrington Business Growth Programme	Northwest Universities European Unit
3	live	Helix Business Park, Newbridge Road, Ellesmere Port	Redsun Developments Ltd
3	live	Enhanced Business Growth Service (Pan LEP)	GM Business Support Limited
3	live	UDF Cheshire and Warrington	Cheshire East Council
3	full	Cheshire & Warrington SME Growth Grants	Blue Orchid Enterprise Solutions Ltd
3	full	Northern Powerhouse Internationalisation Fund	Department for International Trade (DIT)
3	outline	C&W Health MATTERS (continuation)	Innovation Agency

<i>priority</i>	<i>status</i>	<i>project name</i>	<i>grant recipient</i>
4	live	Northern Powerhouse Investment Fund	British Business Financial Services Ltd
4	live	Eco-Innovation - Cheshire and Warrington	University of Chester
4	live	Energy Low Carbon Housing Support Ellesmere Port and Neston	Cheshire West and Chester Council
4	live	UDF Cheshire and Warrington	Cheshire East Council