



LEP – Sub Committee

Business Support Management Board Tuesday 25th October

Private and Confidential: No

ESIF Business Support Programmes - Update

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Executive Summary

Following the 23rd June vote for the UK to leave the European Union, there has been a period of some uncertainty around the immediate and medium term impact on the availability of funds from the 2014-20 ESIF programme in Lancashire.

Lancashire has one of the largest and best performing local European Structural and Investment Fund (ESIF) programmes. We are currently working with local and national partners to deliver our £211m ESIF allocation, the 6th largest allocation in England.

Three funding areas (priority axis) contain the majority of programmes directed towards business support, these are Priority 3 – SME Competiveness, Priority 1 – Research and Innovation and Priority 4 - Low Carbon activities. Between them, there was an indicative allocation of £111m to match fund activity in Lancashire. At present, only £7.54m of this funding has been legally committed to projects. A further £50m of match funding is attached to projects which are well on their way to gaining approval. DCLG's intention is that all the ERDF bids which passed full application and were recommended for approval or have passed the outline stage will have a grant funding agreement in place by the Autumn Statement on 23 November. A balance of £42m remains available within these three priority measures, and we are making a case to DCLG to retain this for key projects and the continuation of programmes which perform well in the first half of the programme window.

Recommendation

It is recommended that the Business Support Management Board:-

- Note the overall position in terms of ESIF funding
- Note and endorse the representations made by the LEP and CA to retain funds for key programmes
- Note the new business support programmes which have commenced since the last meeting of the Board in August.



1. Introduction

- 1.1 The European Structural and Investment Funds (ESIFs) are the European Union's main funding programmes for supporting growth and jobs across EU member states. They form a small but significant part of the UK Government's overall growth activity.
- 1.2 In England, for 2014 to 2020 the programmes comprise the European Regional Development Fund (ERDF), European Social Fund (ESF) and part of the European Agricultural Fund for Rural Development (EAFRD). These have been brought together into a single Growth programme with individual operational programmes aligned to maximise support for jobs and growth.
- 1.3 The Growth Programme is delivered across England's 39 Local Enterprise Partnership (LEP) areas, each of which has an ESIF Strategy to support local delivery. The £6 billion funds within the Growth Programme have been notionally allocated to LEP areas. ERDF can fund activity such as support to SMEs, ICT, Low Carbon and research and innovation. ESF supports employment, skills and social inclusion.
- 1.4 Within Lancashire, the use of these monies and the evaluation of projects lies between the accountable government departments (DCLG, DWP and DEFRA) and a local ESIF Partnership. Whilst the ESIF Partnership is concerned with overall management of this portfolio, the Business Support Management Board's role is more focused on scrutinising the impact and effectiveness of these programmes in supporting local business growth.

2. The Impact of Brexit

- 2.1 It is still far from clear how the vote for Brexit will impact the availability and administration of the ESIF funds currently allocated for use in the Lancashire Enterprise Partnership area. Given the latest indications from the government that Article 50 would be triggered in the early part of 2017, this would initiate a period of negotiation lasting two years, prior to the end of the current programme.
- 2.2 Subsequent announcements have committed the government to underwrite any ESIF programmes which have a grant funding agreement in place prior to the Autumn Statement on the 23rd November. The table at Appendix A of this report sets out the current position of projects within the Lancashire programme. A total of £116m ERDF and £78m ESF was available within the programme, a balance of £52m ERDF and £12m ESF has not yet been bid for with proposal for a further £45m identified, but not yet within the application process.
- 2.3 The LEP and Combined Authority have written to the Chancellor to lobby for the retention of these funds for use within Lancashire. (Appendix B).



3. New Business Support Provision – Active in Lancashire

3.1 When the Board last met in August, the ERDF programmes active in Lancashire were:-

Boost – Lancashire's Business Growth Hub

[Innovation Clinic](#) - UCLAN run product development programme

[Propel 2 Grow](#) – Management and consultancy support delivered by Vedas

[Access 2 Finance](#) – Finance options appraisal and investment readiness delivered by Manchester Growth Company.

Since the last meeting, three further programmes are beginning to deliver, these are:-

[DigitMe2](#) - Providing consultancy into new technology, data and manufacturing problem solving - based in Burnley College.

Digital First – Investment readiness programme from UCLAN focused on early stage and graduate enterprise.

The Lancashire Manufacturing Growth Fund – New service for Lancashire manufacturers, including Specialist Manufacture and Food & Drink:-

30% grant for £10k projects if:

Creating jobs

Developing new product

Support for manufacturers in key areas:

Developing and introducing new product

Improving their manufacturing efficiency

Identifying new markets and strategies

Advanced technology training

A detailed listing of eligible projects and anticipated outcomes is listed at Appendix C.

4. Conclusions and Recommendations

4.1 As these new projects become operational, each service is being asked to brief the Boost Gateway Service and operate within the parameters of the MOU developed with the growth hub. We will monitor performance and present in summary performance to the Business Support Management Board.

4.2 It is anticipated that there will be a significant push for projects to be approved prior to the Autumn Statement with potentially up to 14 projects seeking confirmation of ERDF funding. We will report on progress with this at the



board's next meeting.

4.3 It is recommended that the Business Support Management Board:-

- Note the overall position in terms of ESIF funding
- Note and endorse the representations made by the LEP and CA to retain funds for key programmes
- Note the new business support programmes which have commence since the last meeting of the Board in August.