

**Open Report on behalf of Richard Wills,  
Executive Director for Environment and Economy**

Report to:	<b>Environment and Economy Scrutiny Committee</b>
Date:	<b>28 November 2017</b>
Subject:	<b>Managing the Final Allocations of EU Funding</b>

**Summary:**

This report provides up-dated management information on Greater Lincolnshire's European Regional Development Fund (ERDF) Growth Programme.

**Actions Required:**

Members of the Environment and Economy Scrutiny Committee are invited to consider and comment on the new call dates for projects to come forward; and to endorse the proposed allocation of the remaining ERDF funds.

## 1. Background

To provide up-dated management information on the European Regional Development Fund (ERDF) Growth Programme, so that local authorities are aware of remaining funds available within Greater Lincolnshire and how they should be prioritised.

Greater Lincolnshire has an active and committed European Structural and Investment Fund (ESIF) Committee, chaired by Pat Doody from Nat West Bank and supported by technical assistance staff on behalf of Greater Lincolnshire Local Enterprise Partnership. The ESIF Committee provides local partner advice to the Managing Authorities that administer the European Growth Programme funds. Their role ensures that projects that come forward not only meet national eligibility criteria, but also have a strong local fit with our Strategic Economic Plan and provide good value for money.

### Progress to date

Greater Lincolnshire has committed 64% of the overall ERDF allocation to projects, with further projects under appraisal. The focus continues to be on committing funds in Greater Lincolnshire, but there will only be a few call windows left in which we can bring forward projects to take up remaining funds.

The next call windows for projects to come forward are likely to be:

<b>Calls Published</b>	<b>Call Closing date</b>
8 December 2017	26 January 2018
2 March 2018	20 April 2018

There may be a further call window in the summer to commit any underspends from contracted projects, but this is to be agreed by national leads.

### **Current Performance to date**

The following table shows what percentage of ERDF allocation is left against each priority axis area:

<b>Priority Axis</b>	<b>% Committed to projects</b>	<b>Remaining ERDF to allocate to projects £000s</b>
Priority Axis 1: Research & Innovation	82%	2.683
Priority Axis 2: ICT	85%	0.369
Priority Axis 3: SME Competitiveness	49%	15.545
Priority Axis4: Low Carbon	66%	2.799
Priority Axis 5: Flood risk management	59%	2.048
Priority Axis6: Protecting the environment	0%	2.376
<b>Total</b>		<b>25.820</b>

Following recent calls that closed on 31<sup>st</sup> October 2017 the following projects were submitted, all under Priority Axis 6 Preserving and Protecting the Environment and Promoting Resource Efficiency:

<b>Applicant</b>	<b>Project Name</b>	<b>ERDF Requested</b>
West Lindsey District Council	Gainsborough Green Corridor	£521,000
North and South Kesteven District Councils	Witham and Sleas Blue/Green Corridor	£500,000
City of Lincoln Council	Growing Environmental Resilience	£2,100,000
North East Lincolnshire Council	Freshney Valley Chalkstreams	£863,000
<b>Total</b>		<b>£3,984,000</b>

Considerable work has been done to bring forward projects under Priority Axis 6 as no projects have been committed to date. This has been due to eligibility criteria restrictions, demarcation of funds making it more difficult for rural projects to take up funds and high minimum grant levels. Initial workshops with housing officers and work in partnership with district councils have helped to bring these schemes forward.

### Trading of funds between other LEP areas and next calls to be announced

We are now at the stage in the programme where the Managing Authorities need to ensure that final allocations for all LEP areas across the country are committed to projects. Annex 1 shows the latest pipeline of projects that are likely to come forward when further calls are announced.

Priority Axis	Project Title	Total Project Cost	ERDF requested
1 (or 3)	Innovation Programme for Greater Lincolnshire	£3,520,098	£2,112,059
1	Centre of Excellence for Greater Lincolnshire's Engineering Sector	£5,000,000	£3,000,000 £2,000,000 Growth Deal (secured)
1	Technological Innovations to support a Centre of Health Sciences	£2,000,000	£1,200,000
			<b>£6,312,059</b>
2	Business Lincolnshire Digital Business Growth Programme	£963,916	£578,000
			<b>£578,000</b>
3	Better off in Business	£633,964	£380,378
3	Growing Enterprise	£1,470,000	£882,000
3	Business Lincolnshire Sustainable Business Development Programme	£4,143,445	£2,466,227
3	Grants 4 Growth	£5,189,649	£1,919,467
3	Internationalising SMEs	£1,200,000	£450,000
3	Collaboration for Growth	£1,260,000	£756,000
3	Manufacturing Growth Programme	£1,666,666	£1,000,000
3	GAIN Enterprise Growth	£1,427,908	£856,744
3	Scale Up High Growth Support	£1,000,000	£500,000
3	Future High value Manufacturing supply chain programme	£1,000,000	£600,000
			<b>£9,810,816</b>

Priority Axis	Project Title	Total Project Cost	ERDF requested
3/4	SMART Linc	£20,000,000	£8,800,000
3/4	Low carbon hub & SME support/grants programme	£1,000,000	£500,000
3/4	Low carbon SME supply chain support programme	£3,000,000	£1,000,000
4	National Trust Innovation in New Energy solutions for heritage buildings	£1,000,000	£500,000
4	Yorkshire Energy Services Household Retrofit	£1,700,000	£1,000,000
4	District heating scheme	£2,000,000	£1,000,000
4	Greater Lincolnshire Low Carbon Schools	£1,385,000	£500,000
4	Community Car Charging Scheme	£1,500,000	£900,000
			<b>£14,200,000</b>
5	Winteringham Ings & South Ferriby	£1,000,000	£1,500,000
5	East Halton	£1,333,333	£1,700,000
			<b>£3,200,000</b>
<b>Total</b>			<b>£34,100,875</b>

We currently have an over-demand for funds based on the current pipeline of projects that we know about to date. If all projects were to come forward, then the ESIF Committee will need to prioritise schemes based on their fit with ERDF eligibility criteria, local strategic fit and value for money.

The national team is also looking at LEP areas across the country to see whether LEPs want to trade funds between Priority Axes. Following the recent call closure, we now have 4 projects submitted under Priority Axis 6 requesting £3.9 million of ERDF. Stoke & Staffordshire LEP wants more money in Priority Axis 1 and we could look at trading some of our Priority Axis 1 money so that we can support the current projects submitted under Priority Axis 6.

### **Tactics on committing remaining funds**

- We are currently showing an over-commitment of projects against funds available. Do we continue to encourage projects to come forward for funds in case projects do not come forward, are scaled back considerably or funds are de-committed from contracted schemes?
- Do projects on the pipeline list reflect what is expected to come forward within the districts?

- Tactics on supporting schemes that are submitted as project proposals vs moving money out of areas where pipeline projects could come forward.
- The current example is if we traded £1,000,000 ERDF out of Priority Axis 1 to support the Priority Axis 6 schemes, this would mean that there is less money to commit to Priority Axis 1 pipeline schemes.

## **2. Conclusion**

Members of the Environment and Economy Scrutiny Committee are invited to consider and comment on the new call dates for projects to come forward; and to endorse the proposed allocation of the remaining ERDF funds.

## **3. Consultation**

### **a) Have Risks and Impact Analysis been carried out?**

N/A

### **b) Risks and Impact Analysis**

N/A

## **4. Background Papers**

No background papers within Section 100D of the Local Government Act 1972 were used in the preparation of this report.

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